

<logo>

<Brand name>

<address>

<address>

<First Name> <Last Name>

<September [<xx>], 2014>

<Address1>

[<Address2>]

<City> <State> <ZIP Code>

There are three important things you need to know about your current Medicare Supplement coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 and provides at least a standard level of coverage set by Medicare.
2. **<Brand name>** has determined the prescription drug benefits in your Medicare Supplement plan **do not** provide the standard level of coverage set by Medicare prescription drug coverage requirements. This means that your current drug benefits are considered **"non-creditable"** drug coverage.
3. You can keep your current Medicare Supplement plan; however, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage.

Read the following notice carefully – it has important information about:

- When you can join a Medicare drug plan
- What happens to your current coverage if you join a Medicare drug plan
- How to get more information about your current prescription drug coverage
- How to get more information about your options under Medicare prescription drug coverage

When you would pay a higher premium (penalty) to join a Medicare drug plan

- The total penalty is based on 1% of Medicare's base beneficiary premium amount, multiplied by the number of months that you were eligible for, but did not enroll in, a Part D drug plan.
- For 2014, the monthly base beneficiary premium is \$32.42. For 2015, the monthly base beneficiary premium will be \$33.13.
- The longer you wait to enroll in a Part D drug plan, the higher your monthly penalty will be. You will pay this penalty amount in addition to the monthly premium cost as long as you are enrolled in a Part D drug plan. The penalty amount is determined by Medicare, not the plan.

The notice also provides a list of government sources where you can get more details about all of the options for Medicare prescription drug coverage.

If you have any questions about the notice, your current prescription drug coverage, or your options with us, please call the number listed at the end of the notice.

Thank you for allowing us to provide your Medicare Supplement health benefits coverage.

Important notice from <Brand name> about your prescription drug coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with <Brand name> and about your options under Medicare’s prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare’s prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug plan or join a Medicare Advantage plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. <Brand name> has determined that the prescription drug coverage offered by your Medicare Supplement plan is, on average for all plan participants, **NOT** expected to pay out as much as the standard Medicare prescription drug coverage pays. Therefore, your coverage is considered **Non-Creditable Coverage**. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan, than if you only have prescription drug coverage from your Medicare Supplement plan. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.
3. You can keep your current coverage from your Medicare Supplement plan. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

Read this notice carefully - it explains your options.

When can you join a Medicare drug plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th.

When will you pay a higher premium (penalty) to join a Medicare drug plan?

Since the coverage under your Medicare Supplement plan is not creditable, depending on how long you go without creditable prescription drug coverage, you may pay a penalty to join a Medicare drug plan.

Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that's creditable, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

What happens to your current coverage if you decide to join a Medicare drug plan?

If you decide to join a Medicare drug plan, your current <Brand name>coverage **will be** affected.

- If you do not want to enroll in one of the new Medicare Advantage or Medicare Part D plans that provide Medicare prescription drug coverage, you can keep your current <Brand name>Medicare Supplement plan,(including your Medicare-approved doctor, hospital and other medical benefits) without any changes.
 - You can keep your Medicare Supplement plan and enroll in a separate Medicare prescription Part D drug plan during the Annual Enrollment Period (AEP) between October 15 and December 7, 2014.
 - You will not have to answer any health questions to enroll in a Medicare Part D prescription drug plan during this period.
 - If you enroll in a separate Medicare Part D Prescription drug plan, please let us know so that we can remove your prescription drug benefits from your Medicare Supplement plan.
 - You cannot have prescription drug benefits from both a Medicare Supplement policy and a Medicare Part D prescription drug plan at the same time.
 - **Your Medicare Supplement premium will be less but you will pay a separate Part D premium. (Please note that you will not be able to re-enroll in the drug benefits under your Medicare Supplement plan once you drop them.)**
- If you choose to get your Medicare prescription drug coverage through a Medicare Advantage plan, (like an HMO or PPO) offered by a health plan that contracts with the federal government to provide your Medicare benefits, you must cancel your Medicare Supplement policy with Healthy Alliance Life Insurance Company. You cannot be enrolled in a Medicare Supplement plan and Medicare Advantage plan at the same time. A Medicare Supplement plan does not work with a Medicare Advantage plan.
 - If you want to re-enroll in a Medicare Supplement plan within 12 months of changing to a Medicare Advantage plan with Part D prescription drug coverage for the first time, you will not have to complete any health questions. You will only be able to enroll in Medicare Supplement plans that are currently sold.

In making your decision about what to do, please keep in mind that insurance laws require us to make certain changes to our Medicare Supplement plans. These changes will have an effect on future premiums, especially for policies with drug benefits. Please contact us so we can discuss the likely differences in premiums over time among your different choices.

Your current coverage pays for other health expenses in addition to prescription drug. If you enroll in a Medicare prescription drug plan, you will still be eligible to receive all of your current health benefits.

If you do decide to join a Medicare drug plan and drop your current <Brand name>coverage, be aware that you and your dependents **will not** be able to get this coverage back.

For more information about this notice or your current prescription drug coverage

Contact a Customer Service representative at the address or phone number listed below.

NOTE: You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan and if this coverage through <Brand name>changes. You also may request a copy of this notice at any time.

For more information about your options under Medicare prescription drug coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Date: September <2014>
 Name of Entity/Sender: <Brand name>
 Contact – Position/Office: **Customer Service**
 Address: <address>
 <address>
 Phone Number: <toll-free phone number>
 <hours of operation>

<tagline>