

Important Notice
From Blue Cross and Blue Shield of Montana (BCBSMT)
About Your Prescription Drug Coverage and Medicare

LETTER OF CREDITABLE PRESCRIPTION DRUG COVERAGE

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with BCBSMT 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. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two 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. BCBSMT has determined that the prescription drug coverage offered by your current health plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

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 November 15th through December 31st.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

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 BCBSMT coverage, if provided through a group or individual plan, will not be affected. If your BCBSMT coverage is provided through a Medicare Supplement (Medigap) plan, your coverage will be affected.

If you do decide to join a Medicare drug plan and drop your group or individual BSBSMT prescription drug coverage, be aware that you and your dependents may not be able to get this coverage back. If your BCBSMT prescription drug coverage is provided through a Medicare Supplement (Medigap) plan and you decide to join a Medicare drug plan, be aware that your BCBSMT prescription drug coverage must be dropped and you and your dependents cannot get this coverage back.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your coverage with BCBSMT and do not join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage, your monthly premium may go up by at least 1% of the base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without coverage, your premium may consistently be at least 19% higher than the base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

For More Information About This Notice Or Your Current Prescription Drug Coverage:

Contact BCBSMT at 1-800-447-7828 for further information. **NOTE:** You will receive this notice each year. You will also receive it before the next period you can join a Medicare drug plan, and if this coverage through BCBSMT 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 will receive 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 and 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 the Social Security Administration (SSA) online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Date: December 14, 2010
Name of Entity/Sender: Blue Cross and Blue Shield of Montana
Contact – Position/Office: Marketing
Address: 560 North Park Avenue, Helena, Montana 59601
Telephone Number: 1-800-447-7828

Or

Contact your local Blue Cross and Blue Shield District Office at:

Billings: (406) 656-2828
Bozeman: (406) 586-6524
Butte: (406) 723-5401
Great Falls: (406) 791-4000
Kalispell: (406) 752-6367
Missoula: (406) 549-2845

Notice for Grandfathered Plans

Blue Cross and Blue Shield of Montana believes this plan or coverage is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan or policy may not include certain consumer protections of the Affordable Care Act that apply to other plans. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to Blue Cross and Blue Shield of Montana at:

Blue Cross and Blue Shield of Montana
560 North Park Ave.
Helena, MT 59604-4309
1-800-447-7828

You may also contact the U.S. Department of Health and Human Services at www.healthreform.gov or go online to the U.S. Department of Labor’s website at www.dol.gov. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

If you are an employee in an ERISA group, you may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

Note: An ERISA group would include an employer group who is engaged in commerce or in any industry or activity affecting commerce. Examples of groups that are **not** ERISA groups are church groups and governmental groups, including cities, towns and some schools groups.