DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services

Avoid a Penalty Related to Your Medicare Prescription Drug Plan Premium!

If you fail to respond to this notice, you will owe a penalty. You may be able to avoid a penalty by completing the attached "Declaration of Prior Prescription Drug Coverage" form or calling your Medicare drug plan directly to provide this information.

Why am I getting this letter?
Blue Medicare Advantage Essential (PPO) has sent you the attached form because it appears that you had a break in prescription drug coverage for 63 days or more and you may owe a penalty. We need you to complete the enclosed form or call us to give more information about your prior drug coverage. This information will help us determine if you had coverage that met Medicare's minimum standards and can avoid paying the late enrollment penalty.

What is the Part D late enrollment penalty?
The late enrollment penalty is an amount added to your monthly Medicare drug plan (Part D) premium for as long as you have Medicare prescription drug coverage. This penalty is required by law and is designed to encourage people to enroll in a Medicare drug plan when they are first eligible or keep other prescription drug coverage that meets Medicare's minimum standards.

You may owe a late enrollment penalty if you didn't join a Medicare drug plan when you were first eligible for Medicare Part A and/or Part B, and:

- You didn't have other prescription drug coverage that met Medicare's minimum standards; OR
- You had a break in coverage of at least 63 days.

How do I know if my prior prescription drug coverage met Medicare's minimum standards?
Most plans that offer prescription drug coverage, like plans from employers or unions, must send their members a notice explaining how their prescription drug coverage compares to Medicare prescription drug coverage. This notice tells you if the prescription drug coverage you had through your prior plan was "creditable prescription drug coverage," which means that it met Medicare's minimum standards. If you didn't get a separate written notice, your plan may have provided this information in its benefits handbook. If you don't know if the prescription drug coverage you had met this standard, you should contact your prior plan.

Where do I return the form?
Option 1:

Complete the "Declaration of Prior Prescription Drug Coverage" form attached to this sheet and mail it back to your Medicare drug plan at:

Blue Medicare Advantage Essential (PPO)
PO Box 419169, Attn: MA Enrollment Department, Kansas City, MO 64141

Option 2:
Instead of completing the enclosed form, you can call your Medicare drug plan to provide them with additional information they need.
Blue Medicare Advantage Essential (PPO)at 888-892-8907 (TTY: 711)

What if I have questions?
If you have questions about the information in this form or the late enrollment penalty or would like to complete this form over the telephone, call your Medicare drug plan.

- Blue Medicare Advantage Essential (PPO) at 888-892-8907 seven days a week from 8 a.m. to 8 p.m. You may reach a messaging service on weekends and holidays from April 1 through September 30
- TTY: 711

You may also contact Medicare:

- Visit **www.medicare.gov** on the web
- Call 1-800-MEDICARE (1-800-633-4227)
- TTY users call 1-877-486-2048.

Creditable Coverage Simplified Determination

This document is an update of the Simplified Determination of Creditable Coverage Status which was released on September 18, 2009 in the Updated Creditable Coverage Guidance.

Benefit Designs for Simplified Determination of Creditable Coverage Status

If an entity is not an employer or union that is applying for the retiree drug subsidy, it can use the simplified determination of creditable coverage status annually to determine whether its prescription drug plan's coverage is creditable or not. The plan will be determined to be creditable if the plan prescription drug plan design meets all four of the following standards. However, the standards listed under 4(a) and 4(b) may not be used if the entity's plan has prescription drug benefits that are integrated with benefits other than prescription drug coverage (i.e. Medical, Dental, etc.). Integrated plans must satisfy the standard in 4(c).

A prescription drug plan is deemed to be creditable if it:

1) Provides coverage for brand and generic prescriptions;
2) Provides reasonable access to retail providers;
3) The plan is designed to pay on average at least 60% of participants' prescription drug expenses;
and
4) Satisfies at least one of the following:

a) The prescription drug coverage has no annual benefit maximum benefit or a maximum annual benefit payable by the plan of at least $25,000, or b) The prescription drug coverage has an actuarial expectation that the amount payable by the plan will be at least $2,000 annually per Medicare eligible individual.
c) For entities that have integrated health coverage, the integrated health plan has no more than a $250 deductible per year, has no annual benefit maximum or a maximum annual benefit payable by the plan of at least $25,000 and has no less than a $1,000,000 lifetime combined benefit maximum.

Integrated Plan - An integrated plan is any plan of benefits that is offered to a Medicare eligible individual where the prescription drug benefit is combined with other coverage offered by the entity (i.e., medical, dental, vision, etc.) and the plan has all of the following plan provisions:

1) a combined plan year deductible for all benefits under the plan,
2) a combined annual benefit maximum for all benefits under the plan, and
3) a combined lifetime benefit maximum for all benefits under the plan.

A prescription drug plan that meets the above parameters is considered an integrated plan for the purpose of using the simplified method and would have to meet steps 1, 2, 3 and 4(c) of the simplified method If it does not meet all of the criteria, then it is not considered to be an integrated plan and would have to meet steps 1, 2, 3 and either 4(a) or 4(b).

NOTE: If the entity cannot use the Simplified Determination method stated above to determine the creditable coverage status of the prescription drug plan offered to Medicare eligible individuals, then the entity must make an actuarial determination annually of whether the expected amount of paid claims under the entity's prescription drug coverage is at least as much as the expected amount of paid claims under the standard Medicare prescription drug benefit.