

**Important Notice from UPA
About
Your Prescription Drug Coverage and Medicare**

Dear UPA, DCMC & Clinical Practice Employees and your Medicare eligible dependents:

If you and/or your covered dependents are not Medicare eligible, this document is for information purposes only.

However, if any of your covered benefit eligible dependents are Medicare eligible, please read this information carefully so that you and your dependents can make an informed decision regarding their prescription drugs.

Please read this notice carefully and keep it where you can find it.

This notice has information about your current prescription drug coverage with Horizon Blue Cross Blue Shield of NJ 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. UPA/DCMC/Clinical Practice has determined that the prescription drug coverage offered by Horizon Blue Cross Blue Shield is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is therefore considered Creditable Coverage. Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare prescription drug coverage.

Under your coverage with Horizon Blue Cross Blue Shield, you are currently offered a prescription drug program that covers the following:

Benefit	Retail – 30 day supply	Mail Order- Up to a 90 day supply (Certain Maintenance Drugs)
Generic Prescriptions	\$20 co-pay	\$40 co-pay
Brand Prescriptions	\$40 co-pay	\$80 co-pay
Non-Formulary Prescription	\$60 co-pay	\$120 co-pay

Medicare Part D Plan

By contrast, the Medicare Part D Benefit is structured to provide coverage for prescription drug coverage as follows:

- The first \$415 in prescription expense will be the member's responsibility as a deductible.
- Of the next \$3,405.00 of drug expenses, Medicare will pay 75% (\$2,553.75) and the Medicare enrollees will pay 25% (\$851.25).
- Of the next \$3,833.75 in prescription expenses, the Medicare eligible member will be responsible for the entire amount with no offsetting reimbursement from the Medicare Part D program
- Finally, once \$5,100.00 in out of pocket prescription costs have been paid by the member, Medicare Part D will pay 95% of **all subsequent expenses** and the member is responsible for only 5% of the costs.

When can you join a Medicare Drug Plan?

Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from October 15th through December 7th.

However, if you lose 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 current UPA/DCMC/Clinical Practice group health plan coverage will not be affected. You and your dependents can enroll in a Part D plan as a supplement to, or in lieu of, the group health plan coverage. However, if your existing prescription drug coverage is under a Medigap policy, you cannot have an existing prescription drug coverage and Part D coverage. If you enroll in Part D coverage, you should inform your Medigap insurer of that fact, and the Medigap insurer must remove the prescription drug coverage from the Medigap policy and adjust the premium as of the date the Part D coverage starts.

If you drop your current prescription drug coverage and enroll in Medicare prescription drug coverage, you may enroll back into the UPA/DCMC/Clinical Practice benefit plan during an open enrollment period under the UPA/DCMC/Clinical Practice benefit plan.

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 current coverage with UPA/DCMC/Clinical Practice and don't 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 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what many other people pay. You may have to pay this higher premium as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to enroll.

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 prescription drug plans. For more information about Medicare prescription drug plans:

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

- Call your State Health Insurance Assistance Program for personalized help.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or you can call them at 1-800-772-1213 (TTY 1-800-325-0778).

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

Name of Entity/Sender: UPA
Contact--Position/Office: Donna Sawler, Human Resources
Address: 30 Bergen St., ADMC 12, Newark, NJ 07107
Phone Number: (973) 972-5979

NOTE: You will receive this notice annually and at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through UPA/DCMC/Clinical Practice changes. You also may request a copy.

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.