

Effective January 1, 2007

IMPORTANT NOTICE FROM THE UNIVERSITY OF UTAH REGARDING YOUR PRESCRIPTION DRUG COVERAGE AND MEDICARE

*This notice does not apply to individuals enrolled in the
Retiree Plan H Supplement Option*

Prescription drug coverage available under the University of Utah Retiree Health Care Plan includes Medicare prescription drug coverage for members eligible for Medicare.

Each Medicare-eligible individual enrolled in the University's Retiree Plan is required to enroll in Regence Life and Health (RLH) Medicare Script prescription drug coverage offered through Regence BlueCross BlueShield of Utah. The Retiree Plan will provide additional prescription drug coverage that will supplement the RLH Medicare Script prescription drug coverage. In this notice, we will explain the coverage available through RLH Medicare Script and the Retiree Plan, and provide instruction on how to enroll.

You must enroll in the RLH Medicare Script coverage within three months the of later of the following dates: (a) the date you become eligible for Medicare, or (b) the date you lose coverage under an active employer health care plan.

Once enrolled in RLH Medicare Script coverage, you will be issued a prescription drug card that you must show when you fill a prescription at a pharmacy. Using your Rx card on every purchase will ensure your deductible and True Out-Of-Pocket (TrOOP) costs are properly tracked. You will only need to pay your share of the drug cost at the pharmacy. There are no claim forms to file!

RLH Medicare Script

With RLH Medicare Script, you pay only a share of your prescription drug costs. Medicare pays RLH a monthly amount to help pay for your coverage.

RLH Medicare Script provides:

- Choice of pharmacies nationwide; *you must use a network pharmacy to receive plan benefits. RLH may not pay for your prescriptions if you use an out-of-network pharmacy, except under emergency circumstances.*
- Mail-order service
- \$265 deductible
- \$5 copay for generic medications
- \$18 copay for preferred brand-name medications
- \$35 copay for non-preferred brand-name medications
- 25% coinsurance for specialty medications and those medications administered in long-term care facilities
- You may purchase either a 30-day or 90-day supply at Preferred RLH Medicare Script pharmacies. One copay is required for each 30-day supply purchased.

Some of the Preferred pharmacies include Albertsons, Fred Meyer, K-Mart, Rite-Aid (including DrugStore.com), Safeway, Smiths, Target and Wal-Mart

- Thousands of medications are included in the covered prescription drug list (called the Formulary)
- A few medications require prior authorization before they are covered. Before you need a prescription refilled, you should determine if your medications require Prior Authorization for coverage using the Formulary tool at www.regence.com/medicareScript/member.html or by calling (800) 541-8981. If your medication requires preauthorization, your health care provider must complete the required forms and submit them to RLH Medicare Script for approval before the prescription drug will be covered.

To view more information about the RLH Medicare Script plan, search the covered prescription drug Formulary, or to locate a Medicare approved pharmacy in your area, visit the RLH Medicare Script web site at www.regence.com/medicareScript/member.html or call Regence BlueCross BlueShield at (801) 333-2110; if out of the Salt Lake area call (866) 849-6956.

Once your total prescription drug costs for covered medications exceed **\$2,400** (including your deductible, co-payments, coinsurance, and the amount paid by RLH Medicare Script), Medicare would temporarily require that you pay 100% of your prescription drug costs until you have paid a TrOOP expense of \$3,850. However, at the time Medicare requires you pay 100%, the Retiree Plan will begin to pay a portion of the costs so that you are not required to pay 100% of your prescription drug costs.

Retiree Health Care Plan

With the Retiree Plan, you'll continue to have the same prescription drug coverage as the RLH Medicare Script coverage, including:

- Choice of the same pharmacies nationwide
- Same Formulary list of covered prescription drugs
- Mail-order service
- \$5 copay for generic medications
- \$18 copay for preferred brand-name medications
- \$35 copay for non-preferred brand-name medications
- 25% coinsurance for specialty medications and those medications administered in long-term care facilities
- Ability to purchase a 30-day or 90-day supply at Medicare approved pharmacies (90-day supply is only available at MedicareScript Preferred pharmacies; one copay is required for each 30-day supply purchased)
- Use of the same Rx card and no claim forms
- Electronic tracking of your costs and TrOOP

RLH Medicare Script

If the amount of covered prescription drug costs you pay (including your deductible, co-payments, and coinsurance amounts) reaches **\$3,850** in the calendar year, you will meet the Medicare-defined True Out-Of-Pocket maximum (TrOOP). At that point, the Retiree Plan will discontinue payments and the RLH Medicare Script Plan will begin to pay the majority of the cost of your covered prescription drug expense for the balance of the calendar year. You will only be required to pay the **greater of**:

- \$2.15 for generic or preferred brand-name medications and \$5.35 for all other covered medications; or
- 5% coinsurance

Your Cost for Retiree Health Care Plan Coverage

The cost of coverage in the Retiree Plan includes medical coverage, the premium for RLH Medicare Script, and the prescription drug supplemental coverage provided in the Retiree Plan. Contribution rates for coverage will be adjusted periodically. Contribution amounts will be automatically adjusted for all retirees participating in the automatic (ACH) payment program. Retirees who continue to pay by check will receive new coupons when contribution rates change.

Enrollment for Medicare Eligible Members

RLH Medicare Script is an approved Medicare Prescription Drug Plan. You and your dependents who are eligible for Medicare must each enroll in RLH Medicare Script. If you wish to continue coverage under the University of Utah Retiree Health Care Plan and fail to complete and return the Medicare Script enrollment form, your claims may be delayed or your coverage in the Plan may be terminated.

Although you are required to complete the RLH Medicare Script enrollment form, the University will coordinate your enrollment and monthly premium payments. **Please do not send your enrollment form or any payments directly to RLH Medicare Script.** If you have any questions while completing the form, please contact the University Benefits Department at (801) 581-7447 or the University's Regence BlueCross BlueShield customer service department at (801) 333-2110.

Generally, you may only enroll in **one** Medicare Prescription Drug Plan at a time. If you are covered by another employer's group health plan, TRICARE or a Federal employee plan, Medicare may look to those plans for coverage first. Please consult with your other plan for all the options available to you. Every situation will be different.

Spouse/Dependent not yet eligible for Medicare

If your covered spouse or dependent child is not yet eligible for Medicare, other prescription drug coverage will apply. The Retiree Plan will continue to pay 75% of the covered prescription drug costs and retirees/dependents will continue to pay a 25% coinsurance for each covered prescription drug. If your spouse or dependent child first becomes eligible for Medicare after January 1, 2006, you must enroll them in the RLH

Medicare Script plan during the period that starts three months before the month they turn age 65 (or otherwise become eligible for Medicare) and ends three months after the month they turn age 65 (or otherwise become eligible for Medicare). If they become eligible for Medicare due to a disability, they can enroll three months before or after the 24th month of receiving cash disability benefits.

Other coverage options

Even if you are not currently taking prescription medications, it's a good idea to think about your future needs. If you choose not to enroll in the RLH Medicare Script plan, you cannot remain enrolled in the Retiree Health Care Plan. However, you may elect to enroll in the University's Retiree Plan H Supplement option which does *not* include any prescription drug coverage. If you choose to enroll in the Retiree Plan H Supplement Option, you are encouraged to select and enroll in a Medicare Prescription Drug Plan offered in your area, and pay premiums directly to that prescription drug plan. Contributions for Retiree Plan H Supplement option medical benefits will continue to be paid directly to The University of Utah.

If you have any questions concerning the information provided in this notice, contact the University's Benefits Department at (801) 581-7447.

Help For People with Limited Income and Resources

There are circumstances when Medicare will waive Part D premiums and beneficiaries don't have to pay Rx out-of-pocket costs (Part D premiums, and co-pays). If you think you might meet the Social Security Administration's low-income criteria, you should contact the SSA on the web at www.socialsecurity.gov or call the SSA at (800) 772-1213 (TTY 800-325-0778).