

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

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

Prescription drug coverage available under the University of Utah Retiree Health Care Plan will change when Medicare prescription drug coverage becomes available January 1, 2006. Our records indicate that you are covered under the Retiree Plan UU option. The current *prescription drug* coverage in that plan will end for all participants eligible for Medicare, on December 31, 2005.

The University's Retiree Plan UU option will require that you enroll in Regence Life and Health (RLH) Medicare Script prescription drug plan offered through Regence BlueCross BlueShield of Utah. The Retiree Plan UU option 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 UU option, and provide instruction on how to enroll.

You must enroll in the RLH Medicare Script coverage before January 1, 2006. Once enrolled, you will be issued a prescription drug card that you must show the first time 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
- \$250 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 Medicare approved 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 <http://www.partdformulary.com/MedicarePartD/search.do> or by calling 1-800-541-8981. If your medication does require authorization, your health care provider must contact RLH Medicare Script at 1-800-541-8981 for approval before the prescription drug will be covered.

Once your total prescription drug costs for covered medications exceed \$2,250 (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 \$3,600. However, at the time Medicare requires you pay 100%, the Retiree Plan UU option will begin to pay a portion of the costs so that you are not required to pay 100% of your prescription drug costs.

Retiree UU Plan

With the Retiree Plan UU option, 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 (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, copay, and coinsurance amounts) reaches \$3,600 in the calendar year, you will meet the Medicare-defined True Out-Of-Pocket maximum (TrOOP). At that point, the Retiree Plan UU option 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 for generic or preferred brand-name medications and \$5 for all other covered medications; or
- 5% coinsurance

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 or call Regence BlueCross BlueShield at 801-333-2110; if out of the Salt Lake area call 1-866-849-6956.

Your Cost for Retiree Plan UU Coverage

Beginning January 1, 2006 and continuing until June 30, 2006, the monthly cost for the University of Utah Retiree Health Care Plan UU option will **decrease** to \$225.21 for each enrolled Medicare eligible member. This cost includes medical coverage, the premium for RLH Medicare Script, and the prescription drug supplemental coverage provided in the Retiree Plan UU option. 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 in December 2005.

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. We have enclosed the RLH Medicare Script Benefit Summary and the required enrollment form(s) for you and any Medicare eligible dependents. Please complete the enrollment form(s) and **return them to the University's Benefits Department before December 15, 2005** in the return envelope provided. If you wish to continue coverage under the University of Utah Retiree Health Care Plan and fail to complete and return the Medicare prescription drug coverage enrollment form, your claims may be delayed until the requested information is provided.

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, the current prescription drug coverage will continue. The Retiree Plan UU option will

continue to pay 75% of the 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 and ends three months after the month they turn age 65. 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. The monthly contribution rate, for Plan members not eligible for Medicare, will continue unchanged through June 30, 2006.

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, your prescription coverage on the Retiree Plan UU option will end. However, you may elect to enroll in the University's Retiree Plan H option which will **not** include any prescription drug coverage. Enrollment in the Retiree Plan H option will require that you select and enroll in a Medicare Prescription Drug Plan offered in your area to obtain prescription drug benefits. Your Medicare Prescription Drug Plan premiums will be paid directly to the prescription drug plan. Contributions for Retiree Plan H option medical benefits will continue to be paid directly to the University of Utah.

If you wait beyond May 15th to join a Medicare Prescription Drug Plan, your premiums will be higher because you will have to pay a late enrollment penalty for coverage.

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 1-800-772-1213 (TTY 1-800-325-0778).