



**BlueCross BlueShield
of Vermont**

Independent Licensees of the Blue Cross and Blue Shield Association.



November, 2009

Dear Benefit Manager;

The 2010 open enrollment for Medicare Part D begins November 15, 2009 and ends December 31, 2009. For members who are eligible for Medicare this is time to enroll to minimize or avoid the delayed enrollment penalty. Penalties do not apply for beneficiaries who have coverage that is equal to or better than the standard Medicare Part D prescription drug benefit. The government calls this “creditable coverage.” Employees with such coverage may delay applying for Part D without risking penalties for late enrollment.

The government requires employers that offer health plans with prescription drug coverage to provide notices to their Medicare-eligible employees (including retirees and Medicare-eligible dependents) telling them whether their coverage is creditable. You must send such notices before November 15, 2009. (Note: Employers must provide notices whether or not their coverage is creditable.)

We have determined that the benefit plan you currently offer to your employees qualifies as “non-creditable coverage” under Medicare Part D. Your drug coverage will not pay as much, or more than, the standard Medicare Part D prescription drug benefit. As a result, if your employees choose to stay in their current plan they will be required to pay penalties if they switch to a Part D plan later.

As a courtesy to our employer groups, BCBSVT has put Medicare’s (CMS) model template letters out on our website for your use at <http://www.bcbsvt.com/employer/EmployerForms#CMS>. We provide this information to assist you in meeting your legal obligations.¹ The determination of creditable coverage to be provided in this notice is based upon information available to BCBSVT as of September 2008, and was determined using a simplified determination of creditable coverage.

Please understand that the federal government requires you to provide creditable coverage notices on an ongoing basis. BCBSVT accepts no liability for incorrect information as a result of your failure to provide BCBSVT with up-to-date information or benefit changes made after September 2008.

¹ This information does not constitute legal advice; you should consult your attorney for guidance on how to best meet your legal obligations. (See 42 C.F.R. § 423.56)

Please visit the Center for Medicare and Medicaid Services (CMS) website (<http://www.cms.hhs.gov/medicarerereform/Credcovrg.asp>) for more information about creditable coverage and the Medicare Part D program, including sample notices and other important information about your notice obligations, or contact your BCBSVT account representative.

If your group offers Medicare-eligible employees a Vermont Blue 65 Plan (Medicomp) with no drug coverage, this coverage is also not creditable.

Blue Cross and Blue Shield of Vermont offers 3 plan choices that provide Medicare Part D coverage to individual members. For more information, please refer to our Blue Medicare Rx web site, <http://www.vermontblue65.com/pages/medicare/index.html>, or call 1-877-4RX-BCBS.

Thank you for choosing BCBSVT for your health care plans. Depending on the number of sections your group has, you may receive more than one of these letters. We encourage you to consult with legal and tax advisors if you have specific questions concerning your obligations.

Sincerely,



David Krupa
Vice President, Sales and Marketing Services