



BlueCross BlueShield  
of Texas

# Blue MedicareRx<sup>SM</sup>

## Evidence of Coverage

Your Medicare prescription drug coverage  
as a member of Blue MedicareRx  
January 1 - December 31, 2006

For help or  
information, please  
call Customer Service  
Monday - Friday,  
7a.m. - 7p.m. CST.  
Calls to these numbers  
are free: **(877) 838-3871**  
**TTY/TDD: (800) 693-3816**  
[www.bcbstx.com](http://www.bcbstx.com)



A message from

## **BLUE CROSS AND BLUE SHIELD**

Your Group has entered into an agreement with us, Blue Cross and Blue Shield of Texas, to provide you with this prescription drug benefit program. Like most people, you probably have many questions about your coverage. This Evidence of Coverage contains a great deal of information about the services and supplies for which benefits will be provided under your prescription drug benefit program. Please read your entire Evidence of Coverage very carefully. We hope that most of the questions you have about your coverage will be answered.

In this Evidence of Coverage we refer to our company as “Blue Cross and Blue Shield”. Section 10 will explain the meaning of many of the terms used in this Evidence of Coverage. Whenever the term “you” or “your” is used, we mean you and each of your family members when you and they are eligible for and properly enrolled in the Group’s retiree benefit program and the Plan described in this Evidence of Coverage.

If you have any questions once you have read this Evidence of Coverage, talk to your Group Administrator or call Customer Service at the number listed on the cover. It is important to all of us that you understand the protection this coverage gives you.

Welcome to Blue Cross and Blue Shield! We are very happy to have you as a member.

## **Notice**

Please note that Blue Cross and Blue Shield of Texas (or our contracted pharmacy benefit management company) has contracts with many pharmacies and health care providers that provide for Blue Cross and Blue Shield to receive, and keep for its own account, payments, discounts and/or allowances with respect to the bill for services you receive from those providers.

Please refer to the provision entitled “Blue Cross and Blue Shield's Separate Financial Arrangements with Prescription Drug Providers” in Section 9 for a further explanation of these arrangements.

The relationship between Blue Cross and Blue Shield and network pharmacies is that of independent contractors, contracted through our pharmacy benefit management company, a related company.

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### Welcome to Blue MedicareRx!

We are pleased that you've chosen our Plan.

#### Blue MedicareRx is a Medicare Prescription Drug Plan

Now that you are enrolled in Blue MedicareRx, a Medicare Prescription Drug Plan, you are getting your Medicare prescription drug coverage through Blue Cross and Blue Shield.

Throughout the remainder of this Evidence of Coverage, we refer to Blue MedicareRx as "Plan."

#### ***This Evidence of Coverage explains how to get your Medicare prescription drug coverage through our Plan***

This Evidence of Coverage, together with your enrollment form, riders, amendments and the agreement we have with your Group is the contract. It explains your rights, benefits, and responsibilities as a member of our Plan. It also explains our responsibilities to you. The information in this Evidence of Coverage is in effect for the time period from January 1, 2006, through December 31, 2006.

This Evidence of Coverage gives you the details, including:

- What is covered in our Plan and what is not covered.
- How to get your prescriptions filled, including some rules you must follow.
- What you will have to pay for your prescriptions.

- What to do if you are unhappy about something related to getting your prescriptions filled.
- How to leave our Plan, including your choices for continuing Medicare prescription drug coverage.
- If you need this Evidence of Coverage in a different format, please call us so we can send you a copy.

### ***Please tell us how we're doing***

We want to hear from you about how well we are doing as your Medicare Prescription Drug Plan. You can call or write to us at any time – your comments are always welcome, whether they are positive or negative. From time to time, we conduct surveys that ask our members to tell about their experiences with this Plan. If you are contacted, we hope you will participate in a member satisfaction survey. Your answers to the survey questions will help us know what we are doing well and where we need to improve.

### **How to contact our Plan's Customer Service**

If you have any questions or concerns, please call or write to Customer Service. We will be happy to help you. Our business hours are Monday through Friday, 7 a.m. to 7 p.m. CST.

<b>CALL</b>	1-877-838-3871. This number is also on the cover of this Evidence of Coverage for easy reference. Calls to this number are free.
<b>TTY/TDD</b>	1-800-693-3816. This number requires special telephone equipment. It is on the cover of this Evidence of Coverage for easy reference. Calls to this number are free.
<b>FAX</b>	1-888-285-2242
<b>WRITE</b>	Blue MedicareRx, c/o Prime Therapeutics P.O. Box 64812 St. Paul, Minnesota 55164-0812 www.bcbstx.com
<b>VISIT</b>	901 S. Central Expressway Richardson, Texas 75080-7399

### **How to contact the Medicare program and the 1-800-MEDICARE (TTY/TDD 1-877-486-2048) helpline**

Medicare is the Federal health insurance program for people 65 years of age or older, some people under age 65 with disabilities, and people with End Stage Renal Disease, sometimes referred to as ESRD (permanent kidney failure requiring dialysis or a kidney transplant). CMS is the Federal agency in charge of the Medicare program. "CMS" stands for Centers for Medicare & Medicaid Services. CMS contracts with and regulates Medicare Prescription Drug Plans (including our Plan).

***Here are ways to get help and information about Medicare from CMS:***

Call **1-800-MEDICARE** (1-800-633-4227) to ask questions or get free information booklets from Medicare. You can call this national Medicare helpline 24 hours a day, 7 days a week. TTY/TDD users should call 1-877-486-2048. Calls to these numbers are free.

Use a computer to look at [www.medicare.gov](http://www.medicare.gov), the official government Web site for Medicare information. This Web site gives you a lot of up-to-date information about Medicare and nursing homes. It includes Medicare publications you can print directly from your computer. It has tools to help you compare Medicare Health Plans and Prescription Drug Plans in your area. You can also search the “Helpful Contacts” section for the Medicare contacts in your state. If you do not have a computer, your local library or senior center may be able to help you visit this Web site using their computer.

**Texas Department of Aging and Disability Services/SHIP – an organization in your state that provides free Medicare help and information**

Texas Department of Aging and Disability Services is an organization paid by the Federal government to give free health insurance information and help to people with Medicare. Texas Department of Aging and Disability Services can explain your Medicare rights and protections, help you make complaints about care or treatment, and help straighten out problems with Medicare bills. Texas Department of Aging and Disability Services has information about Medicare Prescription Drug Plans, Medicare Health Plans and Medigap (Medicare supplemental insurance) policies.

You can contact Texas Department of Aging and Disability Services at P.O. Box 149030, Austin, Texas, 78714-9030; 1-800-252-9240. You can also find the Web site for Texas Department of Aging and Disability Services at [www.medicare.gov](http://www.medicare.gov).

**QIO – Texas Medical Foundation (TMF)/Quality Improvement Organization (QIO) – a group of doctors and health professionals in your state who review medical care and handle certain types of complaints from patients with Medicare**

In Texas, there is a Quality Improvement Organization (QIO) called Texas Medical Foundation (TMF). TMF is a group of doctors and other health care experts paid by the Federal government to check on and help improve the care given to Medicare patients. In addition to other quality improvement and beneficiary protection activities, the doctors and other health experts in TMF review written quality of care complaints made by Medicare patients. See Section 6 for more information about complaints.

You can contact Texas Medical Foundation at Barton Oaks Plaza Two, Suite 200, 901 Myopic Expressway, South Austin, Texas 78713-2499 or call toll free at 1-800-725-9216.

## **Other organizations**

### ***Medicaid agency – a state government agency that handles health care programs for people with low incomes***

Medicaid is a joint Federal and state program that helps with medical costs for some people with low incomes and limited resources. Some people with Medicare are also eligible for Medicaid. Most health care costs are covered if you qualify for both Medicare and Medicaid. Medicaid also has programs that can help pay for your Medicare contributions and other costs, if you qualify. To find out more about Medicaid and its programs, contact Texas Health and Human Services Commission, Office of the Ombudsman, MCH-700, P.O. Box 13247 Austin, Texas 78711-3247; call toll-free at 1-800-843-6154 or visit [www.dhs.state.tx.us](http://www.dhs.state.tx.us).

### ***Social Security Administration***

The Social Security Administration provides economic protection for Americans of all ages. Social Security programs include retirement benefits; disability; family benefits; survivors' benefits; and benefits for the aged, blind, and disabled. If you have questions about any of these benefits you can call the Social Security Administration at 1-800-772-1213. TTY/TDD users should call 1-800-325-0778. Calls to these numbers are free. You can also visit [www.ssa.gov](http://www.ssa.gov).

### ***Railroad Retirement Board***

If you get benefits from the Railroad Retirement Board, you can call your local Railroad Retirement Board office or 1-800-808-0772 (calls to this number are free). TTY/TDD users should call 312-751-4701. You can also visit [www.rrb.gov](http://www.rrb.gov).

### ***Employer (or “Group”) Coverage***

Call your Group's benefits administrator (the “Group Administrator”) if you have any questions about your level of benefits, co-payments, co-insurance, contributions toward your premium, benefits or the open enrollment season.

### ***Texas Kidney Health Program/State Pharmacy Assistance Program***

Some states have State Pharmacy Assistance Programs (SPAPs). Texas Kidney Health Program is a state-funded program that provides financial assistance for prescription drugs to low-income and medically needy senior citizens and individuals with disabilities. Texas Kidney Health Program may help pay for the contributions, deductibles and/or co-payments/co-insurance for those who qualify. Please contact the SPAP in your state to determine what benefits may be available to you.

You can contact Texas Kidney Health Program at Kidney Health Care Program, Texas Department of Health State Services, 1100 West 49<sup>th</sup> Street, Mail Code 1938; Department ID G31000. Austin, Texas, 78756 or call 512-458-7150 or 1-800-222-3986.

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### What is Blue MedicareRx?

Blue MedicareRx is offered by Blue Cross and Blue Shield, and is a Medicare Prescription Drug Plan. Now that you are enrolled in our Plan, you are getting your Medicare prescription drug coverage through Blue Cross and Blue Shield. This Evidence of Coverage explains your benefits and services, what you have to pay, and the rules you must follow to get your prescription drugs covered. It does not impact your Group’s responsibility to maintain and administer your group benefit plan. See Section 9 for more detail.

If your Group allows, a retiree may, under limited circumstances, elect coverage for certain dependents after the effective date of Policy consistent with any applicable federal and state law and Part D waiver or operational guideline set forth by CMS. Please contact your Group or Customer Service for information on eligibility requirements.

#### ***Overview of Medicare prescription drug coverage***

Medicare prescription drug coverage is insurance that helps pay for your prescription drugs, vaccines, biologicals, and some supplies not covered by Medicare Part B. We will generally cover the drugs listed in our formulary as long as the drug is medically necessary, the prescription is filled at a Plan network pharmacy, and other coverage rules are followed. We do not pay for drugs that are covered by Medicare Part B. As a member, all you have to do is continue to pay applicable deductibles, co-payments, and co-insurances. The amount of your monthly contribution toward the premium is not affected by your health status or how many prescriptions you need. If you have limited income and resources, you may get extra help from Medicare to pay your contribution,

deductible (if applicable), co-payments, and co-insurances so that you get your prescription drugs for little or no cost. Please see Section 2 or call Customer Service to learn more.

## Help us keep your membership record up-to-date

We have a file of information about you as a plan member. Pharmacists use this membership record to know what drugs are covered for you. The membership record has information from your enrollment form, including your address and telephone number. It shows your specific Plan coverage and other information. Section 8 tells you how we protect the privacy of your personal health information.

Please help us keep your membership record up-to-date by letting Customer Service know right away if there are any changes in your name, address, or phone number, or if you go into a nursing home. Also, tell Customer Service about any changes in prescription drug coverage you have from other sources, such as from Medicaid or from your Group. In addition, you should tell Customer Service about any changes in coverage due to claims filed under liability insurance, such as workers' compensation claims or claims against another driver in an automobile accident.

## What is the geographic service area for our Plan?

Our current geographic service area is the state of Texas, although in certain circumstances the federal Medicare Program allows us to cover members who reside in other states.

The Medicare Program does not allow us to cover members who do not reside within our service area (currently Texas), unless the Group meets certain federal requirements. If the Group meets the requirements, we may cover members who reside outside of our standard service area. As of the date your Group contracted with us for this Plan, your Group has informed us that it has met those requirements.

## Use your Plan membership card instead of your red, white, and blue Medicare card

Now that you are a member of our Plan, you have a Plan membership card. Here is a sample card to show what it looks like:

 <b>BlueCross BlueShield of Texas</b>		<div style="font-size: 4em; opacity: 0.5;">SAMPLE</div>		
<b>Blue MedicareRx</b>				
RxBin	011552	 <small>Prescription Drug Coverage</small>	<b>Submit claims to:</b> Blue MedicareRx PO Box 64813 St Paul MN 55164-0813	<b>Important Numbers:</b> Provider Line: 1-888-229-2812  Customer Service: 1-877-838-3871 TTY/TDD: 1-800-693-3816
RxPCN	PDGTX		ID 12345678901 Name JOHN Q PUBLIC	CMS - S5715 XXX

During the time you are a plan member and using plan services, you must use your Plan membership card at network pharmacies to receive coverage. Please carry your Plan membership card with you at all times. You will need to show this card in order to get your prescription drugs paid for. If your membership card is ever damaged, lost, or stolen, call Customer Service right

away and we will send you a new card.

## **Using network pharmacies to get your prescription drugs covered by us**

### ***What are network pharmacies?***

With few exceptions, **you must use network pharmacies to get your prescription drugs covered.**

- **What is a “network pharmacy”?** A network pharmacy is a pharmacy at which you can get your prescription drug benefits. We call them “network pharmacies” because they contract to provide services to our Plan members. In most cases, your prescriptions are covered only if they are filled at one of the contracting network pharmacies. Once you go to one, you are not required to continue going to the same pharmacy to fill your prescription; you can go to any of our network pharmacies. Network pharmacies are independent contractors, not employees or agents of Blue Cross and Blue Shield.
- **We have a list of preferred network pharmacies.** A preferred network pharmacy may provide an extended supply (i.e., more than 30 days) of medications. A non-preferred network pharmacy is still a network pharmacy, but you may have to pay more for your prescriptions. Please refer to your pharmacy directory or call Customer Service to locate a preferred network pharmacy.
- **What are “covered drugs”?** “Covered drugs” is the general term we use to mean all of the outpatient prescription drugs that are covered by our Plan. Covered drugs are listed in the formulary.

### ***How do you fill a prescription at a network pharmacy***

To fill your prescription, you must show your Plan membership card at one of the network pharmacies. If you do not have your membership card with you when you fill your prescription, you may have to pay the full cost of the prescription (rather than paying just your co-payment or co-insurance). If this happens, you can ask us to reimburse you for our share of the cost by submitting a claim to us. To learn how to submit a paper claim, please refer to the paper claims process described later in this section.

### ***The Pharmacy Directory gives you a list of network pharmacies***

As a member of our Plan we will send you a Pharmacy Directory, which gives you a list of the network pharmacies. You can use it to find a network pharmacy closest to you. If you don't have the Pharmacy Directory, you can get a copy from Customer Service. The pharmacy network is subject to change from time to time. Customer Service can give you the most up-to-date information about changes in the pharmacy network. In addition, you can find this information on our Web site at [www.bcbstx.com](http://www.bcbstx.com).

### ***What if a pharmacy is no longer a “network pharmacy”?***

Sometimes a pharmacy might leave the network. If this happens, you will have to get your prescriptions filled at another network pharmacy. Please refer to your Pharmacy Directory or call Customer Service to find another network pharmacy in your area.

## ***How do you fill a prescription through Plan's network mail order pharmacy service?***

You can use the network mail order pharmacy service to fill prescriptions for what we call “mail order drugs”/“maintenance drugs.” These are drugs that you take on a regular basis, for a chronic or long-term medical condition. These are the only drugs available through the mail order service.

When you order prescription drugs through the network mail order pharmacy service, you must order at least a 60-day supply, and no more than a 90-day supply of the drug.

Generally, it takes us 10 days to process your order and ship it to you. However, sometimes your mail order may be delayed. If this should happen, you may be able to obtain a small supply of your prescription from a retail pharmacy with no additional out-of-pocket cost to you. Please call the network mail order pharmacy for more information.

You are not required to use the mail order services to get an extended supply of maintenance medications. You can also get an extended supply through some retail network pharmacies. Some retail pharmacies may agree to accept the mail order co-payment for an extended supply of medications, which may result in no out-of-pocket payment difference to you. Other retail pharmacies may provide an extended supply, but charge a higher co-payment than our mail order service. Please call our Customer Service to find out which retail pharmacies offer an extended supply.

## **Filling prescriptions outside the network**

We have network pharmacies outside of the service area where you can get your drugs covered as a member of our Plan. Generally, we only cover drugs filled at an out-of-network pharmacy in limited circumstances when a network pharmacy is not available. Below are some circumstances when we would cover prescriptions filled at an out-of-network pharmacy. **Before you fill your prescription in these situations, call Customer Service to see if there is a network pharmacy in your area where you can fill your prescription.** If you do go to an out-of-network pharmacy for the reasons listed below, you may have to pay the full cost (rather than paying just your co-payment or co-insurance) when you fill your prescription. You can ask us to reimburse you for our share of the cost by submitting a claim form. You should submit a claim to us if you fill a prescription at an out-of-network pharmacy as any amount you pay will help you qualify for catastrophic coverage (see Section 4). To learn how to submit a paper claim, please refer to the paper claims process described later in this section.

## **What if you need a prescription because of a medical emergency**

We will cover prescriptions that are filled at an out-of-network pharmacy if the prescriptions are related to care for a medical emergency or urgently needed care. In this situation, you will have to pay the full cost (rather than paying just your co-payment) when you fill your prescription. You can ask us to reimburse you for our share of the cost by submitting a paper claim form. To learn how to submit a paper claim, please refer to the paper claims process described at the end of this section.

## **Getting coverage when you travel or are away from the plan's service area**

If you take a prescription drug on a regular basis and you are going on a trip, be sure to check your supply of the drug before you leave. When possible, take along all the medication you will need. You may be able to order your prescription drugs ahead of time through our mail order pharmacy service.

If you are traveling within the United States and become ill, lose or run out of your prescription drugs, we will cover prescriptions that are filled at an out-of-network pharmacy if you follow all other coverage rules. In this situation, you will have to pay the full cost (rather than paying just your co-payment) when you fill your prescription. You can ask us to reimburse you for our share of the cost by submitting a claim form. To learn how to submit a paper claim, please refer to the paper claims process described at the end of this section.

Prior to filling your prescription at an out of network pharmacy, call our Customer Service to find out if there is a network pharmacy in the area where you are traveling. If there are no network pharmacies in that area, our Customer Service may be able to make arrangements for you to get your prescriptions from an out-of-network pharmacy.

We cannot pay for any prescriptions that are filled by pharmacies outside the United States, even for a medical emergency.

## **Other times you can get your prescription covered if you go to an out-of-network pharmacy**

We will cover your prescription at an out-of-network pharmacy if at least one of the following applies:

- If you are unable to obtain a covered drug in a timely manner within our service area because there is no network pharmacy within a reasonable driving distance that provides 24 hour service.
- If you are trying to fill a prescription covered drug that is not regularly stocked at an accessible network retail or mail order pharmacy (these drugs include orphan drugs or other specialty pharmaceuticals).

**Before you fill your prescription in either of these situations, call Customer Service to see if there is a network pharmacy in your area where you can fill your prescription.** If you do go to an out-of-network pharmacy for the reasons listed above, you will have to pay the full cost (rather than paying just your co-payment or co-insurance) when you fill your prescription. You can ask us to reimburse you for our share of the cost by submitting a claim form. To learn how to submit a paper claim, please refer to the paper claims process described next.

## **How to submit a paper claim**

When you go to a network pharmacy, your claim is automatically submitted to us by the pharmacy. However, if you go to an out-of-network pharmacy for one of the reasons listed above,

the pharmacy may not be able to submit the claim directly to us. When that happens, you will have to pay the full cost of your prescription. You may request for us to reimburse you for our share of the cost by submitting a claim to us. To do so, follow these instructions:

1. Complete a prescription drug claim form. Contact Customer Service or visit our Web site if you need a copy of a claim form.
2. Attach copies of all pharmacy receipts to be considered for payment/reimbursement. These receipts must be itemized.
3. Mail the completed claim form with attachments to:  
Blue MedicareRx  
P.O. Box 64813  
St. Paul, MN 55164-0812

Claims must be filed no later than 90 days after the date of purchase. Claims not filed within 90 days from the date of purchase, will not be eligible for reimbursement.

## **Specialty pharmacies**

### ***Home infusion pharmacies***

Plan will cover home infusion therapy if:

- Your prescription drug is on our Plan's formulary,
- You have followed all required coverage rules and our Plan has approved your prescription for home infusion therapy,
- Your prescription is written by a doctor, and
- You get your infused drug(s) from a network pharmacy.

Please refer to your Pharmacy Directory to find a home infusion pharmacy provider in your area. For more information, please contact Customer Service.

### ***Long-term care pharmacies***

Residents of a long-term care facility may get their prescription drugs through their long-term care pharmacy in the network of long-term care pharmacies. In some cases the long-term care pharmacy will be the long-term care pharmacy that contracts directly with the long-term care facility. Please refer to your Pharmacy Directory to find out if your long-term care pharmacy is part of our network. If it is not, or for more information, please contact Customer Service.

### ***Indian Health Service/Tribal/Urban Indian Health Program (I/T/U) Pharmacies***

Native Americans and Alaska Natives have access to Indian Health Service/Tribal/Urban Indian Health Program (I/T/U) Pharmacies through the pharmacy network.

Please refer to your Pharmacy Directory to find an I/T/U pharmacy in your area. For more information, please contact Customer Service.

***Some vaccines and drugs may be administered in your doctor's office***

We cover vaccines that are medically necessary and are covered by our Plan but are not already covered by Medicare Part B. In addition we cover some drugs that may be administered in your doctor's office. (Please see Section 4, "How does your enrollment in Plan affect coverage for drugs covered under Medicare Part A or Part B?" for more information.)

## Section 2 Extra Help with Drug Plan Costs for People with Limited Income and Resources

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### What extra help is available?

Starting January 1, 2006, Medicare prescription drug coverage will be available to everyone with Medicare. If you have limited income and resources, you may qualify for extra help paying your prescription drug plan costs. If you qualify, you will get help paying for your drug plan's monthly contribution toward the premium, yearly deductible, and prescription co-payments and co-insurances.

As a member of this Plan, you will receive the same service as someone who is not receiving extra help. Your membership in this Plan will not be affected because you are receiving extra help in paying for your prescription drug coverage. This also means that you are required to follow all the rules and procedures in this Evidence of Coverage. If, at any time, our prescription drug coverage does not meet your needs, you may disenroll and join another Prescription Drug Plan (although this may impact your Group coverage). (Please call your Group Administrator for Group information and refer to Section 7 of this Evidence of Coverage for further information regarding disenrollment.)

### Do you qualify for extra help?

People with limited income and resources may qualify for extra help. To qualify, your annual income must be below \$14,355 (or \$19,245 if you are married). In addition, your resources (including your savings and stocks, but not your home or car) must not exceed \$11,500 (or \$23,000 if you are married). The amount of extra help you get will depend on your income and resources.

**Note:** Amounts shown above are for 2006. If you live in Alaska or Hawaii, or pay more than half of the living expenses of dependent family members, income limits are higher. Please call Customer Service to find out what the income limits are.

Some people automatically qualify for extra help and do not have to apply for it. If you answer "yes" to any of the questions below, you automatically qualify for extra help:

- Do you have Medicare and full coverage from a state Medicaid?
- Do you get Supplemental Security Income?
- Do you get help from your state Medicaid program paying your Medicare contributions? That is, do you belong to a Medicare Savings Program, such as the Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB), or Qualified Individual (QI) program?

## **How do you apply for extra help?**

Medicare mailed letters to people who automatically qualify for extra help in May or June. If you did not automatically qualify, the Social Security Administration (SSA) sent people with certain incomes an application for this extra help. If you got this application, fill it out and send it back to SSA as soon as possible. If you did not get an application but think you may qualify, call 1-800-772-1213, visit [www.socialsecurity.gov](http://www.socialsecurity.gov) on the Web, or apply at your State Medical Assistance office. After you apply, you will get a letter in the mail letting you know if you qualify or not and what you need to do next.

## **How do you get more information?**

For more information on who can get extra help with prescription drug costs and how to apply, call the Social Security Administration at 1-800-772-1213, or visit [www.socialsecurity.gov](http://www.socialsecurity.gov) on the Web. TTY/TDD users should call 1-800-325-0778.

In addition, you can look at the 2006 *Medicare & You* Handbook, visit [www.medicare.gov](http://www.medicare.gov) on the Web, or call 1-800-MEDICARE (1-800-633-4227). TTY/TDD users should call 1-877-486-2048.

If you have any questions about our Plan, please call our Customer Service number listed on the cover and in the Introduction section. Or, visit our Web site as listed on the front cover.

## Section 3 Monthly Contributions

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### **Paying the plan contribution for your coverage as a member of our Plan**

#### *How much is your monthly contribution toward the premium and how do you pay it?*

The Group sets the amount of your contribution toward the premium.

Please call the Group's benefits administrator for information about your plan contribution.

**Please Note:** If you are receiving extra help with paying for your drug coverage, your Group will send you a Notice informing you of the amount of your contribution. Or, if you are a member of a State Pharmacy Assistance Program (SPAP), you may get help paying your contribution toward the premium. Please contact your SPAP to determine what benefits are available to you. Please keep the above Notice from your Group with this Evidence of Coverage and your important papers.

#### **Can your contribution toward the premiums change during the year?**

Generally, your contribution toward the premium cannot change during the calendar year. Your Group will tell you in advance if there will be any changes for the next calendar year in your contribution toward the premiums or in the amounts you will have to pay when you get your prescriptions covered. If there are any changes for the next calendar year, they will take effect on January 1, 2007.

In limited circumstances, your contribution toward the premium may change during the calendar year. If you aren't currently receiving extra help but you qualify for it during the year, your monthly contribution toward the premium amount would go down. Or, if you currently get extra help paying your contribution toward the premium, the amount of help you qualify for may change during the year. Your eligibility for extra help might change if there is a change in your income or resources or if you get married or become single during the year. If the amount of extra help you get changes, your monthly contribution toward the premium would also change. For example, if you qualify for more extra help, your monthly contribution toward the premium amount would be lower. The Social Security Administration or State Medical Assistance Office can tell you if there is a change in your eligibility for extra help.

#### **Do you have to continue to pay your Part A or Part B premiums?**

To be a member of our Plan, you must either be entitled to Medicare Part A or enrolled in Medicare Part B. If you currently pay a premium for Medicare Part A and/or Medicare Part B, you must continue paying your premium in order to keep your Medicare Part A and/or Medicare Part B

and to remain a member of this Plan.

Some members who belong to a Medicare Savings Program (Qualified Medicare Beneficiary or QMB, Specified Low-Income Medicare Beneficiary or SLMB, Qualified Individual or QI) may be eligible to get extra help in paying for the cost of their Medicare Part A and/or Part B premiums. Please see Section 2 or call Customer Service for more information.

### **What is the late enrollment penalty?**

You will have to pay a late enrollment penalty in addition to your monthly plan premium if you do not enroll in a Medicare Prescription Drug Plan during your initial enrollment period and you do not have *creditable* coverage for a continuous period of at least 63 days after your initial enrollment period. *Creditable* prescription drug coverage is coverage that is at least as good as the standard Medicare prescription drug coverage. You pay this late enrollment penalty for as long as you have Medicare prescription drug coverage. The amount of the late enrollment penalty may increase every year.

The late enrollment penalty also applies to individuals who qualify for extra help with their drug plan costs. If you get extra help, your penalty amount may be lower than it is for those who don't qualify. In addition, you may only have to pay the penalty for a maximum of 60 months.

## Section 4 Prescription Drug Coverage

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This section describes your prescription drug coverage as a member of our Plan. We will explain what a formulary is and how to use it, our drug management programs, how much you will pay when you fill a prescription for a covered drug, and what an Explanation of Benefits is and how to get additional copies.

### What drugs are covered by this Plan?

#### *What is a formulary?*

We have a formulary that lists all drugs that we cover. We will generally cover the drugs listed in our formulary as long as the drug is medically necessary, the prescription is filled at a network pharmacy or through the network mail order pharmacy service and other coverage rules are followed. For certain prescription drugs, we have additional requirements for coverage or limits on our coverage. These requirements and limits are described in “Drug Management Programs,” below.

The drugs on the formulary are selected by our Plan with the help of a team of health care providers. We select the prescription therapies believed to be a necessary part of a quality treatment program and both brand-name drugs and generic drugs are included on the formulary. A

generic drug has the same active-ingredient formula as the brand-name drug. Generic drugs usually cost less than brand-name drugs and are rated by the Food and Drug Administration (FDA) to be as safe and as effective as brand-name drugs.

Not all drugs are included on the formulary. In some cases, the law prohibits coverage of certain types of drugs. (See “Drug Exclusions”, later in this section, for more information about the types of drugs that cannot be covered under a Medicare Prescription Drug Plan.) In other cases, we have decided not to include a particular drug.

In certain situations, prescriptions filled at an out-of-network pharmacy may also be covered. See Section 1 (“Plan Basics”) for more information about filling prescription at out-of-network pharmacies.

### ***How do you find out what drugs are on the formulary?***

You may call Customer Service to find out if your drug is on the formulary or to request a copy of our formulary. You can also get updated information about the drugs covered by us by visiting our Web site as listed on the front cover.

### ***What are drug tiers?***

Drugs on our formulary are organized into different drug tiers, or groups of different drug types. Your co-insurance/co-payment depends on which drug tier your drug is in. The Prescription Drug Benefit table (an insert to this Evidence of Coverage) shows the co-insurance/co-payment amount you pay for each tier when you are in your initial coverage level. (See “How much do you pay for drugs covered by this Plan?” on page 20 and the Prescription Drug Benefit table, (an insert to this Evidence of Coverage) for more information about the initial coverage level.)

You can ask us to make an exception to your drug’s tier placement. See Section 6 to learn more about how to request an exception.

### ***Can the formulary change?***

We may add or remove drugs from the formulary during the year. Changes in the formulary may affect which drugs are covered and how much you will pay when filling your prescription. If we remove drugs from the formulary, or add prior authorizations, quantity limits and/or step therapy restrictions on a drug or move a drug to a higher cost-sharing tier, and you are taking the drug affected by the change, we will notify you of the change at least 60 days before the date that the change becomes effective. If we don't notify you of the change in advance, we will give you a 60-day supply of the drug when you request a refill of the drug. However, if a drug is removed from our formulary because the drug has been recalled from the market, we will not give 60-days notice before removing the drug from the formulary. Instead, we will remove the drug from our formulary immediately and notify members about the change as soon as possible.

### ***What if your drug is not on the formulary?***

If your prescription is not listed on the formulary, you should first contact Customer Service to be sure it is not covered.

If Customer Service confirms that we do not cover your drug, you have three options:

- You can ask your doctor if you can switch to another drug that is covered by us. If you would like to give your doctor a list of covered drugs that are used to treat similar medical conditions, please contact Customer Service. As always, treatment decisions remain between you and your doctor.
- You can ask us to make an exception to cover your drug. See Section 6 to learn more about how to request an exception.
- You can pay out-of-pocket for the drug and request that the plan reimburse you by requesting a formulary exception. This does not obligate the plan to reimburse you if the exception request is not approved. See Section 6 for more information on how to request an appeal.

If you recently joined this Plan and learn that we do not cover a drug you were taking when you joined our plan, you may be able to get a one-time fill of that prescription. You can get a one-time fill of the non-covered drug if one of the following applies:

- You didn't know that your drug wasn't covered by this Plan, or
- You knew it wasn't covered but you didn't know that you could request an exception to the Plan's formulary.

After your one-time fill, you can ask Customer Service if we cover another drug to treat your medical condition. If we cover another drug, you can ask your doctor if this drug is an option for your treatment. You can also file a request for an exception to our formulary. See Section 6 to learn more about how to request an exception.

In some cases, we will contact you if you are taking a drug that is not on our formulary. We can give you the names of covered drugs that may be used to treat similar conditions so you can ask your doctor if any of these drugs are an option for your treatment.

### ***Drug exclusions***

By law, certain types of drugs or categories of drugs are not covered by Medicare Prescription Drug Plans. These drugs or categories of drugs are called "exclusions" and include:

Nonprescription drugs, unless they are part of an approved step therapy	Drugs when used for anorexia, weight loss, or weight gain
Drugs when used to promote fertility	Drugs when used for cosmetic purposes or hair growth
Drugs when used for the symptomatic relief of cough or colds	Prescription vitamins and mineral products, except prenatal vitamins and fluoride preparations
Outpatient drugs for which the manufacturer seeks to require that associated tests or monitoring services be purchased exclusively from the manufacturer as a condition of sale	Barbiturates and Benzodiazepines

In addition, a Medicare Prescription Drug Plan cannot cover a drug that is covered under Medicare Part A or Part B. See “How does your enrollment in this Plan affect coverage for drugs covered under Medicare Part A or Part B?” below.

## **Drug Management Programs**

### ***Utilization management***

For certain prescription drugs, we have additional requirements for coverage or limits on our coverage. These requirements and limits ensure that our members use these drugs in the most effective way and also help us control drug plan costs. A team of doctors and pharmacists developed these requirements and limits for our Plan to help us to provide quality coverage to our members. Examples of utilization management tools are described below:

- **Prior Authorization:** We require you to get prior authorization to receive coverage for certain drugs. This means that you, your doctor, or your appointed representative will need to get approval from us before you fill your prescription. If you don't get approval, we may not cover the drug.
- **Quantity Limits:** For certain drugs, we limit the amount of the drug that we will cover per prescription or for a defined period of time. For example, we will provide up to 4 tablets per prescription of Fosamax for a 30-day supply.
- **Step Therapy:** In some cases, we require you to first try one drug to treat your medical condition before we will cover another drug for that condition. For example, if Drug A and Drug B both treat your medical condition, we may require your doctor to prescribe Drug A first. If Drug A does not work for you, then we will cover Drug B.
- **Generic Substitution:** When there is a generic version of a brand-name drug available, network pharmacies may give you the generic version, unless your doctor has told us that you must take the brand-name drug.

You can find out if your drug is subject to these additional requirements or limits by looking in the formulary. If your drug does have these additional restrictions or limits, you can ask us to make an exception to our coverage rules. See Section 6 to learn more about how to request an exception.

### ***Drug utilization review***

We conduct drug utilization reviews for all of our members to promote safe and appropriate care. These reviews are especially important for members who have more than one doctor who prescribe their medications. We conduct drug utilization reviews each time you fill a prescription and on a regular basis by reviewing our records. During these reviews, we look for medication problems such as:

- Possible medication errors
- Duplicate drugs that are unnecessary because you are taking another drug to treat the same medical condition
- Drugs that are inappropriate because of your age or gender
- Possible harmful interactions between drugs you are taking

- Drug allergies
- Drug dosage errors

If we identify a medication problem during our drug utilization review, we will work with your doctor to correct the problem.

### ***Medication therapy management programs***

We offer medication therapy management programs at no additional cost for members who have multiple medical conditions, who are taking many prescription drugs, or who have high drug costs. These programs were developed for us by a team of pharmacists and doctors. We use these medication therapy management programs to help us provide better coverage for our members. For example, these programs help members make sure they are using appropriate drugs to treat their medical conditions and help us identify possible medication errors.

We offer a medication therapy management program for members that meet specific criteria. We may contact members who qualify for this program. If we contact you, we hope you will join so that we can help you manage your medications. Remember, you do not need to pay anything extra to participate.

If you are selected to join a medication therapy management program we will send you information about the specific program, including information about how to access the program.

### **How does your enrollment in this Plan affect coverage for the drugs covered under Medicare Part A or Part B?**

Your enrollment in this Plan does not affect Medicare coverage for drugs covered under Medicare Part A or Part B. If you meet Medicare's coverage requirements, your drug will still be covered under Medicare Part A or Part B even though you are enrolled in this Plan. In addition, if your drug is covered by Medicare Part A or Part B, it cannot be covered by us even if you choose not to participate in Part A or Part B. Some drugs may be covered under Medicare Part B in some cases and through this plan (Medicare Part D) in other cases but never both at the same time. In general, your pharmacist or provider will determine whether to bill Medicare Part B or us for the drug in question.

See your *Medicare & You* Handbook for more information about drugs that are covered by Medicare Part A and Part B.

### **How much do you pay for drugs covered by this Plan?**

If you qualify for extra help with your drug costs, your costs for your drugs may be different than those described in the Prescription Drug Benefit table (an insert to this Evidence of Coverage). See Section 2 "Extra Help with Drug Plan Costs for People with Limited Income and Resources". You will receive a Notice from your Group informing you of your co-payment amounts.

When you fill a prescription for a covered drug, you may pay part of the costs for your drug. The amount you pay for your drug depends on what coverage level you are in (i.e., deductible, initial coverage level, after you reach your initial coverage limit, and catastrophic level), the type of drug it is, and whether you are filling your prescription at a network or out-of-network pharmacy. Your

drug costs for each coverage level are described in the Prescription Drug Benefit table (an insert to this Evidence of Coverage) or a Notice from your Group.

## **How is your out-of-pocket cost calculated?**

### ***What type of prescription drug payments count toward your out-of-pocket costs?***

The following types of payments for prescription drugs can count toward your out-of-pocket costs and help you qualify for catastrophic coverage so long as the drug is normally covered by a Medicare Prescription Drug Plan, on the formulary (or if you get a favorable decision on a coverage determination, exception request or appeal), and it was obtained at a network pharmacy (or you have an approved claim from an out-of-network pharmacy):

- Your annual deductible, if applicable
- Your co-insurance or co-payments made on drugs normally covered in a Medicare Prescription Drug Plan that are:
  - Covered by the Plan up to the initial coverage level,
  - Not on our Plan's formulary, but were determined to count towards your out-of-pocket costs through the coverage determination, exceptions, or appeals process; and
  - Filled at an out-of-network pharmacy in accordance with our Plan's out-of-network access rules.
- Any payments you make after the initial coverage limit for drugs.

When you have spent the total amount indicated on the Prescription Drug Benefit table (an insert to this Evidence of Coverage) for these items, you will reach the catastrophic coverage level. The amount you pay for your monthly contribution toward the premium **does not** count toward reaching the catastrophic coverage level.

Purchases that will **not** count toward your out-of-pocket costs:

- Prescription drugs purchased outside the United States and its territories; and
- Prescription drugs not covered by the Plan.

### ***Who can pay for your prescription drugs, and how do these payments apply to your out-of-pocket costs?***

Except for your contribution payments toward the premium, any payments you make for prescription drugs normally covered by a Medicare Prescription Drug Plan count toward your out-of-pocket costs and will help you qualify for catastrophic coverage. In addition, when the following individuals or organizations pay your prescription drug costs, these payments will count toward your out-of-pocket costs (and will help you qualify for catastrophic coverage):

- Family members or other individuals;
- Qualified State Pharmacy Assistance Programs (SPAPs);
- Medicare programs that provide extra help with prescription drug coverage; and

- Most charities or charitable organizations. Please note that if the charity is established, run or controlled by your Group or union, the payments usually will not count toward your out-of-pocket costs.

Payments made by the following do **not** count toward your out-of-pocket costs:

- Group Health Plans;
- Insurance Plans and government funded health programs (e.g. TRICARE the Indian Health Service); and
- Third party arrangements with a legal obligation to pay for prescription costs (e.g., Workers' Compensation).

If you have coverage from a third party that pays a part of or all of your out-of-pocket costs, you must disclose this information to us. An example of third party coverage would be another employer-sponsored health plan that offers prescription drug coverage. Please see Section 9 for additional information.

We will be responsible for keeping track of your out-of-pocket cost amount and will let you know when you have qualified for catastrophic coverage. If you or another party on your behalf have purchased drugs outside of our plan benefit, you will be responsible for submitting appropriate documentation of such purchases to us. In addition, every month you purchase covered prescription drugs through us, you will get an Explanation of Benefits that shows your out-of-pocket cost amount to date.

## **Explanation of Benefits**

### ***What is the Explanation of Benefits?***

The Explanation of Benefits is a document you will get each month you use your prescription drug coverage. It will tell you the total amount you have spent on your prescription drugs and the total amount we have paid for your drugs.

### ***What information is included in the Explanation of Benefits?***

Your Explanation of Benefits will contain the following information:

- A list of prescriptions you filled during the month, as well as the amount paid for each prescription;
- Information about how to request an exception and appeal our coverage decisions;
- A description of changes to the formulary that will occur at least 60 days in the future;
- A summary of your coverage this year, including information about:
  - **Annual Deductible** – the amount you pay, and/or others pay before you start receiving prescription coverage, if applicable.
  - **Amount Paid For Prescriptions** – the amounts paid that count towards your initial coverage limit.

- **Out-Of-Pocket Payments After You Reach the Initial Coverage Limit** – The amount you and/or others pay after you reach the initial coverage limit and before you qualify for Catastrophic Coverage.
- **Total Out-Of-Pocket Costs That Count Towards Catastrophic Coverage** – The total amount you and/or others have spent on prescription drugs that count towards you qualifying for catastrophic coverage. This total includes the amounts spent for your deductible, if applicable; co-payments and co-insurance; and payments made on covered Part D drugs after you reach the initial coverage limit. (This amount does not include payments made by your Group/union, another insurance plan or policy, government funded health program or other excluded parties.)

### ***When will you get your Explanation of Benefits?***

You will get your Explanation of Benefits in the mail each month that you use the benefits provided through us.

### ***What should you do if you did not get an Explanation of Benefits or if you wish to request one?***

An Explanation of Benefits is also available upon request. To get a copy, please contact Customer Service.

### **How does your prescription drug coverage work if you go to a hospital or skilled nursing facility?**

**If you are admitted to a hospital for a Medicare-covered stay**, Medicare Part A will cover the cost of your prescription drugs while you are in the hospital. Once you are released from the hospital, we will cover your prescription drugs as long as they are not covered by Medicare Part A or Part B, are part of the formulary and are purchased at one of the network pharmacies. We will also cover your prescription drugs if they are approved under the coverage determination, exceptions, or appeals process.

**If you are admitted to a skilled nursing facility for a Medicare-covered stay:** After Medicare Part A stops paying for your prescription drug costs, we will cover your prescriptions as long as the skilled nursing facility's pharmacy is in our pharmacy network and the drug is not covered by Medicare Part B coverage. We will also cover your prescription drugs if they are approved under the coverage determination, exceptions, or appeals process. When you enter, live in, or leave a skilled nursing facility you are entitled to a special enrollment period, during which time you will be able to leave this Plan and join a new Medicare Prescription Drug Plan. Please see Section 7 of this document for more information about leaving this Plan and joining a new Medicare Prescription Drug Plan.

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We will send you a Coordination of Benefit Survey so that we can know what other drug coverage you have in addition to the coverage you get through this plan. CMS requires us to collect this information from you, so when you get the survey, please fill it out and send it to us. The information you provide helps us calculate how much you and others have paid for your drugs. In addition, if you lose or get additional prescription drug coverage, please call Customer Service to update your membership records. Please see Section 9 for additional information.

### If you have Medicare and Medicaid

Beginning January 1, 2006, your prescription drug coverage will change. Medicare, not Medicaid, will pay for most of your prescription drugs. You will continue to get your health coverage under both Medicare and Medicaid.

### If you are a member of a State Pharmacy Assistance Program (SPAP)

If you are currently enrolled in a SPAP, you may get help paying your contributions toward the premium, deductibles, co-payments and/or co-insurances. Please contact your SPAP to determine what benefits are available to you. Please see the Introduction for more information.

### If you have a Medigap policy with prescription drug coverage

If you currently have a Medicare Supplement (Medigap) policy **that includes coverage for prescription drugs**, you must contact your Medigap issuer and tell them you have enrolled in our Plan. If you decide to keep your current Medigap policy, your Medigap issuer will remove the prescription drug coverage portion of your policy and adjust your premium. In addition, under certain circumstances, you may be able to purchase a different Medigap policy from the same company. Your Medigap issuer cannot charge you more based on any past or present health problems.

In the fall of 2005, your Medigap issuer sent a letter explaining your options and how the removal of drug coverage from your Medigap policy will affect your premiums. If you did not get this letter, please contact your Medigap issuer.

### If you are a member of another employer or retiree group

If you currently have prescription drug coverage through another employer group or retiree group, please contact the benefits administrator for the other group plan to determine how your current prescription drug coverage with the other group will work with this Plan. In general, if you are

currently employed, the prescription drug coverage you get from us will be secondary to your other employer or retiree group.

In the fall of 2005 your employer or retiree group sent a letter that indicated whether or not your prescription drug coverage is *creditable* (meaning whether or not it covers at least as much as Medicare's prescription drug plan coverage) and the options available to you. If you did not get this letter, please contact your benefits administrator for the other group plan.

### **If you are enrolled in a Medicare-approved drug discount card program**

If you have a Medicare-approved drug discount card, you may continue to use your card to get discounts on your prescription drugs until the effective date of your enrollment in this Plan or until May 15, 2006 (whichever comes first).

If you are a member of a Medicare-approved drug discount card and are receiving up to \$600 credit in help paying for your prescription drugs, you will be able to use any remaining credit you have towards your prescription drug purchases until the effective date of your enrollment in this Plan or until May 15, 2006 (whichever comes first).

### **If you are enrolled in a non-Medicare approved drug discount card program**

If you are a member of a drug discount card program that is not Medicare-approved, please contact your drug card issuer to determine what benefits are available to you. Any amount you pay while using a discount card for drugs normally covered by Medicare prescription drug Plans and covered by us can count towards your out-of-pocket expenses. In order to have your drugs count towards your out-of-pocket expenses you must submit a claim to us. To do so, follow these instructions:

1. Complete a prescription drug claim form. Contact Customer Service or visit our Web site if you need a copy of a claim form.
2. Attach copies of all pharmacy receipts to be considered for payment/reimbursement. These receipts must be itemized.
3. Mail the completed claim form with attachments to:

Blue MedicareRx  
P.O. Box 64813  
St. Paul, MN 55164-0812

Claims must be filed no later than 90 days after the date of purchase. Claims not filed within 90 days from the date of purchase, will not be eligible for reimbursement.

## **SECTION 6 Appeals and grievances: what to do if you have complaints**

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## **What to do if you have complaints**

### ***Introduction***

We encourage you to let us know right away if you have questions, concerns, or problems related to your prescription drug coverage. Please call our Customer Service number listed on the cover.

This section gives the rules for making complaints in different types of situations. Federal law guarantees your right to make complaints if you have concerns or problems with any part of your care as a plan member. The Medicare program has helped set the rules about what you need to do to make a complaint and what we are required to do when someone makes a complaint. If you make a complaint, we must be fair in how we handle it. You cannot be disenrolled from this Plan or penalized in any way if you make a complaint.

A complaint will be handled as a grievance, coverage determination, or an appeal, depending on the subject of the complaint. The following section briefly discusses grievances, coverage determinations, and appeals.

### ***What is a grievance?***

A grievance is any complaint other than one that involves a coverage determination. You would file a grievance if you have any type of problem with us or one of the network pharmacies that does not relate to coverage for a prescription drug. For example, you would file a grievance if you have a problem with things such as waiting times when you fill a prescription, the way your network pharmacist or others behave, being able to reach someone by phone or get the information you need, or the cleanliness or condition of a network pharmacy.

### ***What is a coverage determination?***

Whenever you ask for a Part D prescription drug benefit, the first step is called requesting a coverage determination. When we make a coverage determination, we are making a decision whether or not to provide or pay for a Part D drug and what your share of the cost is for the drug. Coverage determinations include exception requests. You have the right to ask us for an “exception” if you believe you need a drug that is not on our list of covered drugs (formulary) or believe you should get a drug at a lower co-payment. If you request an exception, your doctor must provide a statement to support your request.

**You must contact us if you would like to request a coverage determination (including an exception). You cannot request an appeal if we have not issued a coverage determination.**

### ***What is an appeal?***

An appeal is any of the procedures that deal with the review of an unfavorable coverage determination. You would file an appeal if you want us to reconsider and change a decision we have made about what Part D prescription drug benefits are covered for you or what we will pay for a prescription drug.

### ***How to file a grievance***

**This part of Section 6 explains how to file a grievance.** A grievance is different from a request for a coverage determination because it usually will not involve coverage or payment for Part D prescription drug benefits (concerns about our failure to cover or pay for a certain drug should be addressed through the coverage determination process discussed below).

What types of problems might lead to you filing a grievance?

- You feel that you are being encouraged to leave (disenroll from) our Plan.
- Problems with the customer service you receive.
- Problems with how long you have to spend waiting on the phone or in the pharmacy.
- Disrespectful or rude behavior by pharmacists or other staff.
- Cleanliness or condition of pharmacy.
- If you disagree with our decision not to expedite your request for an expedited coverage determination or redetermination.
- You believe our notices and other written materials are difficult to understand.
- Failure to give you a decision within the required timeframe.
- Failure to forward your case to the independent review entity if we do not give you a decision within the required timeframe.
- Failure by us to provide required notices.
- Failure to provide required notices that comply with CMS standards.

In certain cases, you have the right to ask for a “fast grievance,” meaning your grievance will be decided within 24 hours. We discuss these fast-track grievances in more detail below.

**If you have a grievance, we encourage you to first call Customer Service at the number listed on the cover. We will try to resolve any complaint that you might have over the phone.** If you request a written response to your phone complaint, we will respond in writing to you. **If we cannot resolve your complaint over the phone, we have a formal procedure to review your complaints.** We call this our Medicare Part D Grievance Process.

We have made this process easy to follow to ensure you will receive a timely response to your concerns. You must file your oral or written grievance with us no later than 60 days after the event or incident that the grievance is about.

## Telephone Grievances

1. As described above, if you have a grievance, we encourage you to contact Customer Service at the number listed on the cover.
2. If your complaint is not resolved at the time of your initial phone call, your grievance will be forwarded to a supervisor for resolution.
3. You will be contacted by telephone with the resolution of your grievance, or in writing if you have requested written follow-up, as quickly as your case requires based on your health status, but no later than 30 calendar days after receiving your complaint. If your grievance involves the quality of the care you received, you will receive a written response.
4. We may extend the timeframe by up to 14 calendar days if you request the extension, or if we justify a need for additional information and the delay is in your best interest. When we extend the deadline, we will immediately notify you in writing of the reason(s) for the delay.

## Written Grievances

1. You may file a grievance in writing by sending a letter describing your grievance to the following address:

Blue MedicareRx  
 Attn: Appeals Department  
 2901 Kinwest Pkwy, Bldg B  
 Irving, Texas 75063

2. You will receive a written response to your grievance as quickly as your case requires based on your health status, but no later than 30 calendar days after receiving your complaint.
3. We may extend the timeframe by up to 14 calendar days if you request the extension, or if we justify a need for additional information and the delay is in your best interest. When we extend the deadline, we will immediately notify you in writing of the reason(s) for the delay.

## For quality of care complaints, you may also complain to the Quality Improvement Organization (QIO)

Complaints concerning the quality of care received under Medicare may be acted upon by the Medicare prescription drug plan under the grievance process, by an independent organization called the QIO, or by both. For example, if an enrollee believes his/her pharmacist provided the incorrect dose of a prescription, the enrollee may file a complaint with the QIO in addition to or in lieu of a complaint filed under the Part D plan's grievance process. For any complaint filed with the QIO, the Part D plan must cooperate with the QIO in resolving the complaint.

## How to file a quality of care complaint with the QIO

Quality of care complaints filed with the QIO must be made in writing. An enrollee who files a quality of care grievance with a QIO is not required to file the grievance within a specific time period. Please see the Introduction for more information about how to file a quality of care complaint with the QIO.

### ***How to request a coverage determination***

**This part of Section 6 explains what you can do if you have problems getting the prescription drugs you believe we should provide and you want to request a coverage determination.** We use the word “provide” in a general way to include such things as authorizing coverage of prescription drugs, paying for prescription drugs, or continuing to cover a Part D prescription drug that you have been getting.

If your doctor or pharmacist tells you that we will not cover a prescription drug, you should contact us and ask for a coverage determination. The following are examples of when you may want to ask us for a coverage determination:

- If you are not getting a prescription drug that you believe may be covered by us.
- If you have received a Part D prescription drug you believe may be covered by us while you were a member, but we have refused to pay for the drug.
- If we will not provide or pay for a Part D prescription drug that your doctor has prescribed for you because it is not on our list of covered drugs (called a “formulary”). You can request an exception to our formulary.
- If you disagree with the amount that we require you to pay for a Part D prescription drug that your doctor has prescribed for you. You can request an exception to the co-payment we require you to pay for a drug.
- If you are being told that coverage for a Part D prescription drug that you have been getting will be reduced or stopped.
- If there is a limit on the quantity (or dose) of the drug and you disagree with the requirement or dosage limitation.
- If there is a requirement that you try another drug before we will pay for the drug you are requesting.
- You bought a drug at a pharmacy that is not in our network and you want to request reimbursement for the expense.
- The process for requesting a coverage determination is discussed in greater detail below in the section titled “Detailed information about how to request a coverage determination and an appeal”.

### ***How to request an appeal***

**This part of Section 6 explains what you can do if you disagree with our coverage determination.** If you are unhappy with the coverage determination, you can ask for an appeal. The first level of appeal is called a redetermination. There are also four other levels of appeal that an enrollee may request.

#### **What kinds of decisions can be appealed?**

- You can generally appeal our decision not to cover a drug, vaccine, or other Part D benefit. You may also appeal our decision not to reimburse you for a Part D drug that you paid for. You can also appeal if you think we should have reimbursed you more than you received or if you are asked to pay a different cost-sharing amount than you think you are

required to pay for a prescription. Finally, if we deny your exception request, you can appeal. A coverage determination, which includes those described on page 27, may be appealed if you disagree with our decision.

- Note: If we approve your exception request for a non-formulary drug, you cannot request an exception to the co-payment we require you to pay for the drug.

### **How does the appeals process work?**

There are five levels to the appeals process. Here are a few things to keep in mind as you read the description of these steps in the appeals process:

- Moving from one level to the next. At each level, your request for Part D benefits or payment is considered and a decision is made. The decision may be partly or completely in your favor (giving you some or all of what you have asked for), or it may be completely denied (turned down). If you are unhappy with the decision, there may be another step you can take to get further review of your request. Whether you are able to take the next step may depend on the dollar value of the requested drug or on other factors.
- Who makes the decision at each level. You make your request for coverage or payment of a Part D prescription drug directly to us. We review this request and make a coverage determination. If our coverage determination is to deny your request (in whole or in part), you can go on to the first level of appeal by asking us to review our coverage determination. If you are still dissatisfied with the outcome, you can ask for further review. If you ask for further review, your appeal is then sent outside of this Plan, where people who are not connected to us conduct the review and make the decision. After the first level of appeal, all subsequent levels of appeal will be decided by someone who is connected to the Medicare program or the Federal court system. This will help ensure a fair, impartial decision.
- In addition, in the event that the Department of Labor (DOL) does not waive the applicability of the DOL claims rules to supplemental benefits purchased by your Group from Blue Cross and Blue Shield, the DOL claims rules may apply to those benefits. For purposes of this provision, “supplemental benefits” are those additional benefits that your Group purchases from Blue Cross and Blue Shield beyond the basic Part D coverage provided by Blue Cross and Blue Shield.

Each appeal level is discussed in greater detail below in the section titled “Detailed information about how to request a coverage determination and an appeal.”

## **Detailed information about how to request a coverage determination and an appeal**

### **What is the purpose of this section?**

The purpose of this section is to give you more information about how to request a coverage determination, or appeal a decision by us not to cover or pay for all or part of a drug, vaccine or other Part D benefit.

## **Coverage Determinations: Our Plan makes a coverage determination about your Part D prescription drug, or about paying for a Part D drug you have already received.**

### **What is a coverage determination?**

The coverage determination made by us is the starting point for dealing with requests you may have about covering or paying for a Part D prescription drug. If your doctor or pharmacist tells you that a certain prescription drug is not covered you should contact us and ask us for a coverage determination. With this decision, we explain whether we will provide the prescription drug you are requesting or pay for a drug you have already received. If we deny your request (this is sometimes called an “adverse coverage determination”), you can “appeal” our decision by going on to Appeal Level 1 (see below). If we fail to make a timely coverage determination on your request, it will be automatically forwarded to the independent review entity for review (see Appeal Level 2 below).

The following are examples of coverage determinations:

- You ask us to pay for a drug you have already received. This is a request for a coverage determination about payment. You can call Customer Service to get help in making this request.
- You ask for a Part D drug that is not on your Plan's list of covered drugs (called a "formulary"). This is a request for a "formulary exception." You can call our Customer Service to ask for this type of decision.
- You ask for an exception to our Plan’s utilization management tools. Requesting an exception to a utilization management tool is a type of formulary exception. You can call Customer Service to ask for this type of decision.
- You ask for a non-preferred Part D drug at the preferred cost-sharing level. This is a request for a "tiering exception." You can call our Customer Service to ask for this type of decision.
- You ask that we reimburse you for a purchase you made from an out-of-network pharmacy. In certain circumstances, out-of-network purchases, including drugs provided to you in a doctor’s office, will be covered by the Plan. See Section 1 for a description of these circumstances. You can call our Customer Service to make a request for payment or coverage for drugs provided by an out-of-network pharmacy or in a doctor’s office.

**When we make a coverage determination, we are giving our interpretation of how the Part D prescription drug benefits that are covered for members of our Plan apply to your specific situation.** This document and any amendments you may receive describe the Part D prescription drug benefits covered by our Plan, including any limitations that may apply to these benefits. This Evidence of Coverage also lists exclusions (benefits that are “not covered” by our Plan).

### **Who may ask for a coverage determination?**

You can ask us for a coverage determination yourself, or your prescribing doctor or someone you name may do it for you. The person you name would be your *appointed representative*. You can name a relative, friend, advocate, doctor, or anyone else to act for you. Some other persons may already be authorized under State law to act for you. If you want someone to act for you, then you

and that person must sign and date a statement that gives the person legal permission to act as your appointed representative. This statement must be sent to us at Blue MedicareRx, 901 S. Central Expressway, Richardson, Texas 75080-7399. You can call Customer Service to learn how to name your appointed representative.

You also have the right to have an attorney ask for a coverage determination on your behalf. You can contact your own lawyer, or get the name of a lawyer from your local bar association or other referral service. There are also groups that will give you free legal services if you qualify.

### **Asking for a "Standard" or "Fast" Coverage Determination**

#### ***Do you have a request for a Part D prescription drug that needs to be decided more quickly than the standard timeframe?***

A decision about whether we will cover a Part D prescription drug can be a "standard" coverage determination that is made within the standard timeframe (typically within 72 hours; see below), or it can be a "fast" coverage determination that is made more quickly (typically within 24 hours; see below). A fast decision is sometimes called an "expedited coverage determination."

You can ask for a fast decision **only** if you or your doctor believe that waiting for a standard decision could seriously harm your health or your ability to function. (Fast decisions apply only to requests for Part D drugs that you have not received yet. You cannot get a fast decision if you are requesting payment for a Part D drug that you already received.)

#### **Asking for a standard decision**

To ask for a standard decision, you, your doctor, or your appointed representative should call our Customer Service number listed on the cover and in the Introduction section for assistance. Or, you can deliver a written request to Blue MedicareRx, Attn: Appeals Department, 2901 Kinwest Pkwy, Bldg B, Irving, Texas 75063, or fax it to 1-800-706-5236. If you need to make a request outside of our normal Customer Service hours, call the Customer Service number listed on the cover for further instructions.

#### **Asking for a fast decision**

You, your doctor, or your appointed representative can ask us to give a fast decision (rather than a standard decision) by calling our Customer Service number listed on the cover and in the Introduction section. Or, you can deliver a written request to Blue MedicareRx, Attn: Appeals Department, 2901 Kinwest Pkwy, Bldg B, Irving, Texas 75063, or fax it to 1-800-706-5236. If you need to make a request outside of our normal Customer Service hours, call our Customer Service number listed on the cover for further instructions. Be sure to ask for a "fast," "expedited," or "24-hour" review.

- If your doctor asks for a fast decision for you, or supports you in asking for one, and the doctor indicates that waiting for a standard decision could seriously harm your health or your ability to function, we will automatically give you a fast decision.
- If you ask for a fast coverage determination without support from a doctor, we will decide if your health requires a fast decision. If we decide that your medical condition does not meet the requirements for a fast coverage determination, we will send you a letter informing you that if you get a doctor's support for a fast review, we will

automatically give you a fast decision. The letter will also tell you how to file a “grievance” if you disagree with our decision to deny your request for a fast review. If we deny your request for a fast coverage determination, we will give you our decision within the 72-hour standard timeframe.

### **What happens when you request a coverage determination?**

What happens, including how soon we must decide, depends on the type of decision.

1. *For a standard coverage determination about a Part D drug, which includes a request about payment for a Part D drug that you already received.*

Generally, we must give you our decision no later than 72 hours after we have received your request, but we will make it sooner if your health condition requires. However, if your request involves a request for an exception (including a formulary exception, tiering exception, or an exception from utilization management rules – such as dosage or quantity limits or step therapy requirements), we must make our decision no later than 72 hours after we have received your doctor's "supporting statement," which explains why the drug you are asking for is medically necessary. **If you are requesting an exception, you should submit your prescribing doctor's supporting statement with the request, if possible.**

We will give you a decision in writing about the prescription drug you have requested. You will get this notification when we make our decision under the timeframe explained above. If we do not approve your request, we must explain why, and tell you of your right to appeal our decision. The section "Appeal Level 1" explains how to file this appeal.

If we have not given you an answer within 72 hours after receiving your request, your request will automatically go to Appeal Level 2, where an independent organization will review your case.

2. *For a fast coverage determination about a Part D drug that you have not received.*

If you get a fast review, we will give you our decision within 24 hours after you or your doctor ask for a fast review – sooner if your health requires. If your request involves a request for an exception, we must make our decision no later than 24 hours after we get your doctor's "supporting statement," which explains why the non-formulary or non-preferred drug you are asking for is medically necessary.

We will give you a decision in writing about the prescription drug you have requested. You will get this notification when we make our decision, under the timeframe explained above. If we do not approve your request, we must explain why, and tell you of your right to appeal our decision. The section "Appeal Level 1" explains how to file this appeal.

If we decide you are eligible for a fast review, and we have not responded to you within 24 hours after receiving your request, your request will automatically go to Appeal Level 2, where an independent organization will review your case.

If we do not grant your or your doctor's request for a fast review, we will give you our decision within the standard 72-hour timeframe discussed above. If we tell you about our decision not to provide a fast review by phone, we will send you a letter explaining our decision within three calendar days after we call you. The letter will also tell you how to file a “grievance” if you

disagree with our decision to deny your request for a fast review, and will explain that we will automatically give you a fast decision if you get a doctor's support for a fast review.

### **What happens if we decide completely in your favor?**

If we make a coverage determination that is completely in your favor, what happens next depends on the situation.

1. *For a standard decision about a Part D drug, which includes a request about payment for a Part D drug that you already received.*

We must authorize or provide the benefit you have requested as quickly as your health requires, but no later than 72 hours after we received the request. If your request involves a request for an exception, we must authorize or provide the benefit no later than 72 hours after we get your doctor's "supporting statement." If you are requesting reimbursement for a drug that you already paid for and received, we must send payment to you no later than 30 calendar days after we get the request.

2. *For a fast decision about a Part D drug that you have not received.*

We must authorize or provide you with the benefit you have requested no later than 24 hours of receiving your request. If your request involves a request for an exception, we must authorize or provide the benefit no later than 24 hours after we get your doctor's "supporting statement."

### **What happens if we deny your request?**

If we deny your request, we will send you a written decision explaining the reason why your request was denied. We may decide *completely* or only *partly* against you. For example, if we deny your request for payment for a Part D drug that you have already received, we may say that we will pay nothing or only part of the amount you requested. If a coverage determination does not give you *all* that you requested, you have the right to appeal the decision. (See Appeal Level 1).

### **Appeal Level 1: If we deny all or part of your request in our coverage determination, you may ask us to reconsider our decision. This is called an “appeal” or “request for redetermination.”**

Please call Customer Service if you need help with filing your appeal. You may ask us to reconsider our coverage determination, even if only part of our decision is not what you requested. When we get your request to reconsider the coverage determination, we give the request to people at our organization who were not involved in making the coverage determination. This helps ensure that we will give your request a fresh look.

How you make your appeal depends on whether you are requesting reimbursement for a Part D drug you already received and paid for, or authorization of a Part D benefit (that is, a Part D drug that you have not yet received). If your appeal concerns a decision we made about authorizing a Part D benefit that you have not received yet, then you and/or your doctor will first need to decide whether you need a fast appeal. The procedures for deciding on a standard or a fast *appeal* are the same as those described for a standard or fast *coverage determination*. Please see the discussion under “Do you have a request for a Part D prescription drug that needs to be decided more quickly than the standard timeframe?” and “Asking for a fast decision.”

### ***Getting information to support your appeal***

We must gather all the information we need to make a decision about your appeal. If we need your assistance in gathering this information, we will contact you. You have the right to get and include additional information as part of your appeal. For example, you may already have documents related to your request, or you may want to get your doctor's records or opinion to help support your request. You may need to give the doctor a written request to get information. You can give us your additional information in any of the following ways:

- In writing           Blue MedicareRx  
                          Attn: Appeals Department  
                          2901 Kinwest Pkwy, Bldg B  
                          Irving, Texas 75063
- By fax, at           1-800-706-5236
- By telephone – if it is a fast appeal – at 1-877-838-3871
- In person, at       901 S. Central Expressway  
                          Richardson, Texas 75080-7399

You also have the right to ask us for a copy of information regarding your appeal. You can call at 1-877-838-3871, or write us Blue MedicareRx, Attn: Appeals Department 2901 Kinwest Pkwy, Bldg B, Irving, Texas 75063. We are allowed to charge a fee for copying and sending this information to you.

### ***Who may file your appeal of the coverage determination?***

The rules about who may file an appeal are almost the same as the rules about who may ask for a coverage determination. For a standard request, you or your appointed representative may file the request. A fast appeal may be filed by you, your appointed representative, or your prescribing doctor.

### ***How soon must you file your appeal?***

You need to file your appeal within 60 calendar days from the date included on the notice of our coverage determination. We can give you more time if you have a good reason for missing the deadline.

To file a standard appeal, you can send the appeal to us in writing at, Blue MedicareRx, Attn: Appeals Department, 2901 Kinwest Pkwy, Bldg B, Irving, Texas 75063.

### ***What if you want a fast appeal?***

The rules about asking for a fast appeal are the same as the rules about asking for a fast coverage determination. You, your doctor, or your appointed representative can ask us to give a fast appeal (rather than a standard appeal) by calling our Customer Service number listed on the cover and in the Introduction section. Or, you can deliver a written request to, Blue MedicareRx, Attn: Appeals Department, 2901 Kinwest Pkwy, Bldg B, Irving, Texas, or fax it to 1-800-706-5236. If you need to make a request outside of our normal Customer Service hours, call the Customer Service number listed on the cover for further instructions. Be sure to ask for a “fast,” “expedited,” or “72-hour” review. Remember, that if your prescribing doctor provides a written or oral supporting

statement explaining that you need the fast appeal, we will automatically treat you as eligible for a fast appeal.

### ***How soon must we decide on your appeal?***

How quickly we decide on your appeal depends on the type of appeal:

1. *For a standard decision about a Part D drug, which includes a request for reimbursement for a Part D drug you already paid for and received.*

After we get your appeal, we have up to 7 calendar days to give you a decision, but will make it sooner if your health condition requires us to. If we do not give you our decision within 7 calendar days, your request will *automatically* go to the second level of appeal, where an independent organization will review your case.

2. *For a fast decision about a Part D drug that you have not received.*

After we get your appeal, we have up to 72 hours to give you a decision, but will make it sooner if your health requires us to. If we do not give you our decision within 72 hours, your request will automatically go to Appeal Level 2, where an independent organization will review your case.

### ***What happens next if we decide completely in your favor?***

1. *For a decision about reimbursement for a Part D drug you already paid for and received*

We must send payment to you no later than 30 calendar days after we get your request to reconsider our coverage determination.

2. *For a standard decision about a Part D drug you have not received*

We must authorize or provide you with the Part D drug you have asked for as quickly as your health requires, but no later than 7 calendar days after we get your appeal.

3. *For a fast decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 72 hours of receiving your appeal – or sooner, if your health would be affected by waiting this long.

### ***What happens next if we deny your appeal?***

If we deny any part of your appeal, you or your appointed representative have the right to ask an independent organization, to review your case. This independent review organization contracts with the Federal government and is not part of our Plan.

## **Appeal Level 2: If we deny any part of your first appeal, you may ask for a review by a government-contracted independent review organization**

### ***What independent review organization does this review?***

At the second level of appeal, your appeal is reviewed by an outside, independent review organization that has a contract with the Centers for Medicare & Medicaid Services (CMS), the government agency that runs the Medicare program. The independent review organization has no

connection to us. You have the right to ask us for a copy of your case file that we sent to this organization. We are allowed to charge you a fee for copying and sending this information to you.

### ***How soon must you file your appeal?***

You or your appointed representative must make a request for review by the independent review organization in writing within 60 calendar days after the date you were notified of the decision on your first appeal. You must send your written request to the Independent Review Organization whose name and address is included in the redetermination notice you get from us.

### ***What if you want a fast appeal?***

The rules about asking for a fast appeal are the same as the rules about asking for a fast coverage determination, except your prescribing doctor cannot file the request for you – only you or your appointed representative may file the request. If you want to ask for a fast appeal, please follow the instructions under “Asking for a fast decision.” Remember, that if your prescribing doctor provides a written or oral supporting statement explaining that you need the fast appeal, the IRE will automatically treat you as eligible for a fast appeal.

### ***How soon must the independent review organization decide?***

After the independent review organization gets your appeal, how long the organization can take to make a decision depends on the type of appeal:

1. For a standard request about a Part D drug, which includes a request about reimbursement for a Part D drug that you already paid for and received, the independent review organization has up to 7 calendar days from the date it gets your request to give you a decision.
2. For a fast decision about a Part D drug that you have not received, the independent review organization has up to 72 hours from the time it gets the request to give you a decision.

### ***If the independent review organization decides completely in your favor***

The independent review organization will tell you in writing about its decision and the reasons for it. What happens next depends on the type of appeal:

1. *For a decision about reimbursement for a Part D drug you already paid for and received.*  
We must pay within 30 calendar days from the date we get notice reversing our coverage determination. We will also send the independent review organization a notice that we have abided by their decision.
2. *For a standard decision about a Part D drug you have not received.*  
We must authorize or provide you with the Part D drug you have asked for within 72 hours from the date we get notice reversing our coverage determination. We will also send the independent review organization a notice that we have abided by their decision.
3. *For a fast decision about a Part D drug you have not received.*  
We must authorize or provide you with the Part D drug you have asked for within 24 hours from the date we get notice reversing our coverage determination. We will also send the independent review organization a notice that we have abided by their decision.

***What happens next if the review organization decides against you (either partly or completely)?***

The independent review organization will tell you in writing about its decision and the reasons for it. You or your appointed representative may continue your appeal by asking for a review by an Administrative Law Judge (see Appeal Level 3), provided that the dollar value of the contested Part D benefit is \$110 or more.

**Appeal Level 3: If the organization that reviews your case in Appeal Level 2 does not rule completely in your favor, you may ask for a review by an Administrative Law Judge**

As stated above, if the independent review organization does not rule completely in your favor, you or your appointed representative may ask for a review by an Administrative Law Judge. You must make a request for review by an Administrative Law Judge in writing within 60 calendar days after the date of the decision made at Appeal Level 2. You may request that the Administrative Law Judge extend this deadline for good cause. You must send your written request to the Administrative Law Judge according to the procedures provided by the independent review organization.

During the Administrative Law Judge review, you may present evidence, review the record (by either receiving a copy of the file or getting the file in person when feasible), and be represented by counsel. The Administrative Law Judge will not review your appeal if the dollar value of the requested Part D benefit is less than \$110. If the dollar value is less than \$110, you may not appeal any further.

***How is the dollar value (the "amount remaining in controversy") calculated?***

If we have refused to provide Part D prescription drug benefits, the dollar value for requesting an Administrative Law Judge hearing is based on the projected value of those benefits. The projected value includes any costs you could incur based on the number of refills prescribed for the requested drug during the plan year. Projected value includes your co-payments, all costs incurred after your costs exceed the initial coverage limit, and costs paid by other entities.

You may also combine multiple Part D claims to meet the dollar value if:

1. The claims involve the delivery of Part D prescription drugs to you;
2. All of the claims have received a determination by the independent review organization as described in Appeal Level 2;
3. Each of the combined requests for review are filed in writing within 60 calendar days after the date that each decision was made at Appeal Level 2; and
4. Your hearing request identifies all of the claims to be heard by the Administrative Law Judge.

***How soon does the Judge make a decision?***

The Administrative Law Judge will hear your case, weigh all of the evidence up to this point, and make a decision as soon as possible.

***If the Judge decides in your favor:***

The Administrative Law Judge will tell you in writing about his or her decision and the reasons for it. What happens next depends on the type of appeal:

1. *For a decision about payment for a Part D drug you already received.*

We must send payment to you no later than 30 calendar days from the date we get notice reversing our coverage determination.

2. *For a standard decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 72 hours from the date we get notice reversing our coverage determination.

3. *For a fast decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 24 hours from the date we get notice reversing our coverage determination.

***If the Judge rules against you:***

You have the right to appeal this decision by asking for a review by the Medicare Appeals Council (Appeal Level 4). The letter you get from the Administrative Law Judge will tell you how to request this review.

**Appeal Level 4: Your case may be reviewed by the Medicare Appeals Council**

The Medicare Appeals Council will first decide whether to review your case. There is no minimum dollar value for the Medicare Appeals Council to hear your case. If you got a denial at Appeal Level 3, you or your appointed representative can request review by filing a written request with the Council.

The Medicare Appeals Council does not review every case. When it gets your case, it will first decide whether to review your case. If they decide not to review your case, then you may request a review by a Federal Court Judge (see Appeal Level 5). The Medicare Appeals Council will issue a written notice advising you of any action taken with respect to your request for review. The notice will tell you how to request a review by a Federal Court Judge.

***How soon will the Council make a decision?***

If the Medicare Appeals Council reviews your case, they will make their decision as soon as possible.

***If the Council decides in your favor:***

The Medicare Appeals Council will tell you in writing about its decision and the reasons for it. What happens next depends on the type of appeal:

1. *For a decision about payment for a Part D drug you already received.*

We must send payment to you no later than 30 calendar days from the date we get notice reversing our coverage determination.

2. *For a standard decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 72 hours from the date we get notice reversing our coverage determination.

3. *For a fast decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 24 hours from the date we get notice reversing our coverage determination.

***If the Council decides against you:***

If the amount involved is \$1,090 or more, you have the right to continue your appeal by asking a Federal Court Judge to review the case (Appeal Level 5). The letter you get from the Medicare Appeals Council will tell you how to request this review. If the value is less than \$1,090, the Council's decision is final and you may not take the appeal any further.

**Appeal Level 5: Your case may go to a Federal Court**

In order to request judicial review of your case, you must file a civil action in a United States district court. The letter you get from the Medicare Appeals Council in Appeal Level 4 will tell you how to request this review. The Federal Court Judge will first decide whether to review your case.

If the contested amount is \$1,090 or more, you may ask a Federal Court Judge to review the case.

***How soon will the Judge make a decision?***

The Federal judiciary is in control of the timing of any decision.

***If the Judge decides in your favor:***

Once we get notice of a judicial decision in your favor, what happens next depends on the type of appeal:

1. *For a decision about payment for a Part D drug you already received.*

We must send payment to you within 30 calendar days from the date we get notice reversing our coverage determination.

2. *For a standard decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 72 hours from the date we get notice reversing our coverage determination.

3. *For a fast decision about a Part D drug you have not received.*

We must authorize or provide you with the Part D drug you have asked for within 24 hours from the date we get notice reversing our coverage determination.

***If the Judge decides against you:***

The Judge's decision is final and you may not take the appeal any further.

## Section 7 Leaving this Plan and Your Choices for Continuing Prescription Drug Coverage after You Leave

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### What is “disenrollment”?

“Disenrollment” from our Plan means ending your membership with us. **Disenrollment can be voluntary (your own choice) or, in limited circumstances, involuntary (not your own choice):**

- You might leave our Plan because you have decided that you *want* to leave. You can decide to leave for any reason during specified times (See “When Can You Disenroll/Switch Prescription Drug Plans?” below).
- There are also a few situations where you would be *required* to leave. For example, unless you are covered under a Group Plan, you would have to leave our Plan if you move out of our geographic service area or if we no longer offer prescription drug coverage in your geographic area. We are not allowed to ask you to leave our Plan because of your health.

Whether leaving our Plan is your choice or not, this section explains your prescription drug coverage choices after you leave and the rules that apply. Your Group may have other disenrollment requirements. Call your Group for more information.

### Until your prescription drug coverage with our Plan ends, use our network pharmacies to fill your Rx

If you leave our Plan, it takes some time for your prescription drug coverage to end and your new prescription drug coverage to begin (we discuss when the change takes effect later in this section). You can choose to disenroll from your current plan from November 15 through December 31 of every year. Enrollment is generally for the calendar year. In certain cases, such as if you move or

enter a nursing home, you can disenroll from your plan at other times. After you request to disenroll, your Plan or Group will let you know, in writing, the date your coverage ends. If you don't get a letter, call the Plan or Group and ask for the date.

While you are waiting for your membership to end, you are still a member and must continue to get your prescription drugs as usual through network pharmacies to receive coverage. In most cases, your prescriptions are covered only if they are filled at a network pharmacy or through the mail order pharmacy service, are listed on our formulary, and you follow other coverage rules.

If you have any questions about your prescription drug coverage with our Plan, please call our Customer Service number listed on the cover and in the Introduction section.

## **What are your options for getting Rx drug coverage if you leave our Plan?**

If you leave our Plan, one choice for getting prescription drug coverage is to join another Medicare Prescription Drug Plan. You also have the choice of joining a Medicare Advantage Plan or a Medicare Cost Plan with prescription drug coverage *if* this type of plan is available in your area, they are accepting new members, and you meet the eligibility requirements of the plan.

**Medicare Prescription Drug Plan.** You may choose to join another Prescription Drug Plan that adds prescription drug benefits to your regular Medicare coverage. To enroll in another Prescription Drug Plan in your area, you must be entitled to Medicare benefits under Part A and/or currently enrolled in Part B. Refer to the next section, "When can you disenroll/switch Medicare Prescription Drug plans" for information on when you can make this change.

**Medicare Advantage Prescription Drug Plan (MA-PD) or Medicare Cost Plan with Prescription Drug Coverage.** If you choose to join a Medicare Advantage Plan that offers prescription drug coverage, then you must get your Medicare prescription drug coverage through that Medicare Advantage Plan. If you choose to join a Medicare Cost Plan that offers prescription drug coverage, you can get your drug coverage either from the Cost Plan or by joining a separate Medicare Prescription Drug Plan. For more information on joining a Medicare Advantage Plan or a Medicare Cost Plan in your area, please contact 1-800-MEDICARE (TTY/TDD users call 1-877-486-2048) or visit [www.medicare.gov](http://www.medicare.gov). Refer to the next section, "When can you disenroll/switch Medicare Prescription Drug plans" for information on when you can make this change. You should contact the new plan that you are interested in for information on how and when you are able to join it.

You may also be able to get back the prescription drug coverage you had before you enrolled in our Plan. Please contact your previous Prescription Drug Plan for more information.

**Note:** If you disenroll from our Plan and do not enroll in another Medicare Prescription Drug Plan, or have other prescription drug coverage that is at least as good as Medicare prescription drug coverage, you may have to pay a penalty if you enroll in a Medicare prescription drug plan at a later date. Refer to Section 3 for more information on the penalty.

## **When can you disenroll/switch Medicare Prescription Drug Plans?**

In general, you may only disenroll or switch prescription drug plans every year during the Annual Coordinated Enrollment Period (see below) or under certain special circumstances. You can switch your Prescription Drug Plan during the following periods:

If you have a Medigap (Medicare Supplement) Policy with prescription drug coverage, you should have received a letter in the fall of 2005 from your Medigap issuer explaining your options and explaining how the removal of drug coverage from your Medigap plan will affect your premiums. If you enroll in a Prescription Drug Plan during the initial enrollment period (November 15, 2005 through May 15, 2006), you will also be guaranteed the right to switch to a different Medigap plan without drug coverage from the same issuer that sold you your Medigap policy with the drug coverage. If you did not get this letter, contact the issuer of your Medigap policy.

### ***Annual Coordinated Election Period***

During the Annual Coordinated Election Period, anyone with prescription drug coverage may disenroll from any Prescription Drug Plan and join another Prescription Drug Plan, or join a Medicare Advantage Plan with prescription drug coverage, or choose not to have any Medicare prescription drug coverage.

For coverage beginning in 2006, the annual coordination election period begins on November 15, 2005 and ends on May 15, 2006.

For coverage beginning in 2007 and afterwards, the annual coordinated election period goes from November 15 through December 31 of each year.

Please remember, if during this election period you disenroll from our Plan and do not enroll in another Prescription Drug Plan or Medicare Advantage Plan with prescription drug coverage during this election period, you may have to pay a higher premium for Medicare prescription drug coverage in the future.

If you join another Prescription Drug Plan during the annual coordinated election period, your enrollment in our Plan will end on December 31 and your enrollment in the new Plan will be effective on January 1st of the following year.

*Exception for January 1, 2006 through May 15, 2006.* If you disenroll from our Plan to join another Prescription Drug Plan between January 1, 2006 and May 15, 2006, your coverage will be effective on the first day of the month after the month in which you join the Plan.

### ***Special Enrollment Period***

Generally, you may not disenroll from our Plan and enroll in a new Prescription Drug Plan during other times of the year *unless* you qualify for a Special Enrollment Period. In order to qualify for a Special Enrollment Period, one of the following must apply to you:

- Our Plan no longer offers prescription drug coverage in the area where you live.
- You move outside the Plan's service area, unless you are a member of a Group Plan.

- You have an involuntary loss of creditable prescription drug coverage. Please note that failure to pay your contribution does not qualify as an involuntary loss of prescription drug coverage.
- You were not adequately informed about your loss of creditable prescription drug coverage, or you were not adequately informed that you never had creditable prescription drug coverage.
- Your enrollment in our Plan was unintentional, inadvertent, or a mistake, because of the error, misrepresentation or inaction of a Federal employee, or a person acting upon the Federal government's behalf.
- You get benefits from both Medicare and Medicaid programs or you were eligible for benefits from both Medicare and Medicaid and you lose your Medicaid benefits.
- Our Plan's contract with the Centers for Medicare & Medicaid Services is terminated.
- You were a member of a Medicare Advantage Plan with prescription drug coverage and decided to join a Prescription Drug Plan during the Medicare Advantage Plan's Open Election Period.
- You are able to demonstrate that our Plan has substantially violated a material provision in its contract. This includes, but is not limited to:
  - If our Plan failed to provide you with prescription drug coverage in a timely manner.
  - If our Plan failed to provide your prescription drug coverage with applicable quality standards.
  - You are able to demonstrate that our Plan misrepresented itself in its marketing.
  - You are enrolling in or disenrolling from a Medicare Prescription Drug Plan sponsored by your Group.
  - In certain cases in which Plan is sanctioned by the Centers for Medicare & Medicaid Services.
  - You move into, live in, or move out of certain medical facilities, including a skilled nursing facility, nursing facility, intermediate care facility for the mentally retarded, psychiatric hospital or unit, rehabilitation hospital or unit, long-term care hospital, or certain other hospitals.
  - You get extra help and the Centers for Medicare & Medicaid Services enrolled you in your current plan.

In the event that you are eligible for a Special Enrollment Period, the Centers for Medicare & Medicaid Services will determine the time frame for you to enroll in another Plan. If you feel you qualify for a Special Enrollment Period, please call Customer Service and we will assist you.

## **How do you disenroll?**

If you wish to leave our Plan, and you are not enrolling in another Prescription Drug Plan, you will need to submit a disenrollment request. Your request should include your name, Medicare number, Social Security number, date of birth, and requested disenrollment date. (Please note that we may not be able to disenroll you on the date you request.) Please remember to sign and date the request and to include a phone number where we can reach you in case we need additional information.

You can mail a letter to us at Blue MedicareRx, c/o Prime Therapeutics, P.O. Box 64812, St. Paul, Minnesota 55164-0812 or fax it to us at 1-800-285-2242. Or to get a copy of our disenrollment form, please call our Customer Service number listed on the cover and in the Introduction section. You may also disenroll by calling 1-800-MEDICARE (1-800-633-4227); TTY/TDD users should call 1-877-486-2048. You may only disenroll during the Annual Coordinated Election Period unless you qualify for a Special Enrollment Period.

If you are joining another Prescription Drug Plan, you must contact that Plan to request enrollment information. Once you are enrolled in your new Plan, your membership in our Plan will *automatically* end with no action required on your part. Your new Plan will tell you, in writing, the date when your prescription drug coverage in that Plan begins. Your prescription drug coverage with our Plan will end on that same day (this will be your “disenrollment date”). Remember, you are still a member of our Plan until your disenrollment date, and must continue to get your prescription drug coverage, as usual, through our Plan until the date your membership ends.

## **When can Plan disenroll you?**

### **Our Plan can disenroll you for the following reasons:**

- You are no longer eligible for Medicare prescription drug coverage.
- If our Plan is no longer contracting with Medicare or leaves your service area.
- When you move out of our Plan’s service area, unless you are a member of a Group Plan.
- You materially misrepresent third-party reimbursement.
- You fail to pay your contribution toward the premium.
- You engage in disruptive behavior, provided fraudulent information when you enrolled or abuse your enrollment card.
- Your Group terminates the contract with us. It is your Group’s responsibility to notify you if the contract has been terminated.

### ***If You Are No Longer Eligible For Medicare Prescription Drug Coverage***

If you lose your eligibility for Medicare prescription drug coverage, our Plan can no longer offer you prescription drug coverage. In order to be eligible for prescription drug coverage under Medicare, you must have Part A and/or Part B.

### ***When Plan Is No Longer Contracting With Medicare Or Leaves Your Service Area***

If we leave the Medicare program or no longer offer prescription drug coverage in the service area where you live, we will notify you in writing. If this happens, your membership in our Plan will end, and you will have to enroll in another Medicare Prescription Drug Plan to continue your prescription drug coverage. All of the benefits and rules described in this Evidence of Coverage will continue until your membership ends. This means that you must continue to get your prescription drugs in the usual way through network pharmacies until your membership ends.

Your choices include joining another Medicare Prescription Drug Plan or a Medicare Advantage Plan with prescription drug coverage if these plans are available in your area and are accepting new members. Once we have notified you in writing that we are leaving the Medicare program or

the area where you live, you may enroll in another plan (See “When Can You Disenroll/Switch Prescription Drug Plans?” above for specific information on special enrollment periods.)

Our Plan has a contract with the Centers for Medicare & Medicaid Services (CMS), the government agency that runs Medicare. This contract may be renewed each year. However, our Plan or CMS can decide to end the contract at any time. You will generally be notified 90 days in advance if this situation occurs. However, your advance notice may be as little as 30 days or even fewer days if CMS must end our contract in the middle of the year.

### ***When You Move Out Of Our Plan’s Service Area***

If you plan to move, please call our Customer Service number listed on the cover and in the Introduction section to find out if the place you are moving to is in our Plan’s service area. In addition, you must notify your Group if you permanently move out of our service area, as the Plan is subject to certain residency requirements and you may need to leave (“disenroll” from) our Plan. If you live in more than one state for a significant part of the year, please contact Customer Service for more information about how this may impact your permanent residence. An earlier part of this section tells about the choices you have if you leave our Plan and explains how to leave.

### ***You Materially Misrepresent Third-Party Reimbursement***

If you intentionally withhold or falsify information about third-party reimbursement coverage, CMS requires our Plan to disenroll you. In addition, if you are disenrolled from our Plan for misrepresentation of third party reimbursement, our Plan has the right to decline you future enrollment in our Prescription Drug Plan.

### ***You Fail to Pay Your Contribution Toward the Premium***

If you fail to pay your contribution toward the premium we have the right to disenroll you. Failure to comply with payment will result in disenrollment from Plan.

In addition, if you are disenrolled from Plan for failure to pay your contribution toward the premium, Plan has the right to decline your future enrollment in our Prescription Drug Plan until your debt has been paid.

If you are disenrolled due to not paying your contribution toward the premium and you do not have drug coverage that, on average, is at least as good as standard Medicare prescription drug coverage for 63 days or longer, then you will pay a penalty the next time you enroll in a Medicare Prescription Drug Plan.

### ***You Engage in Disruptive Behavior, Provide Fraudulent Information When You Enrolled, or Abuse Your Enrollment Card***

You may be asked to leave the Plan in the following circumstances:

- If you behave in a way that seriously affects our ability to arrange or provide services for you or for others who are members of our Plan. We cannot make you leave (i.e., disenroll from) our Plan for this reason unless we get permission first from the Centers for Medicare & Medicaid Services, the government agency that runs Medicare.
- If you give us information on your enrollment form that you know is false or deliberately

misleading, and it affects whether or not you can enroll in our Plan.

- If you let someone else use your Plan membership card to get prescription drugs for themselves or for others. Before we ask you to leave (i.e., disenroll from) our Plan for this reason, we must refer your case to the Inspector General, and this may result in criminal prosecution.

## **We cannot ask you to leave our Plan because of your health**

No member of any Medicare Prescription Drug Plan can be asked to leave the Plan for any health-related reasons or the number of prescriptions a member takes. If you ever feel that you are being encouraged or asked to leave Plan because of your health, you should call 1-800-MEDICARE (1-800-633-4227; TTY/TDD 1-877-486-2048), the national Medicare help line.

## **You have the right to make a complaint if we ask you to leave our Plan**

If we ask you to leave our Plan, we will tell you our reasons in writing and explain how you can file a complaint against us if you want. Refer to Section 6 for more information.

## Section 8 Your Rights and Responsibilities as a Member of this Plan

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### Introduction about your rights and protections

Since you have Medicare, you have certain rights to help protect you. In this first part of Section 8, we explain your Medicare rights and protections as a member of this Plan. We will tell you what you can do if you think you are being treated unfairly or your rights are not being respected. If you want Medicare publications on your rights, you may call and request them at 1-800-MEDICARE (1-800-633-4227). TTY/TDD users should call 1-877-486-2048. You can call 24 hours a day, 7 days a week.

### Your right to be treated with fairness and respect

You have the right to be treated with dignity, respect, and fairness at all times. We must obey laws against discrimination that protect you from unfair treatment. These laws say that we cannot discriminate against you (treat you unfairly) because of your race or color, age, religion, national origin, or any mental or physical disability you may have.

If you think you have been treated unfairly due to your race, color, national origin, disability, age, or religion, please let us know. You can also reach the Office for Civil Rights at 1-800-368-1019 or TTY/TDD 1-800-537-7697, or call the Office for Civil Rights in your area at:

Office for Civil Rights  
 U.S. Department of Health and Human Services  
 1301 Young Street, Suite 1169  
 Dallas, Texas 75202  
 (214) 767-4056

If you need help with communication, such as help from a language interpreter, please call our Customer Service number listed on the cover.

## **Your right to the privacy of your medical records and personal health information**

There are Federal and State laws that protect the privacy of your medical records and personal health information. We keep your personal health information private as protected under these laws. Any personal health information that you give us when you enroll in this Plan is protected. We will make sure that unauthorized people do not see or change your records. Generally, we must get written permission from you (or from someone you have given legal power to make decisions for you) before we can give your health information to anyone who is not providing your care or paying for your care. There are exceptions allowed or required by law, such as release of health information to government agencies that are checking on quality of care.

The laws that protect your privacy give you rights related to getting information and controlling how your health information is used. We are required to provide you with a notice that tells about these rights and explains how we protect the privacy of your health information. For example, you have the right to look at your medical records, and to get a copy of the records (there may be a fee charged for making copies). You also have the right to ask us to make additions or corrections to your medical records (if you ask us to do this, we will review your request and determine whether the changes are appropriate). You have the right to know how your health information has been given out and used for non-routine purposes. If you have questions or concerns about the privacy of your personal information and medical records, please call our Customer Service number listed on the cover.

## **Your right to get your prescriptions filled within a reasonable period of time**

As explained in this Evidence of Coverage, you should get all of your prescriptions filled from a network pharmacy, that is, from pharmacies that contract with Plan. You have the right to go to any network pharmacies in order to get your prescriptions filled at the benefit level. You have the right to timely access to your prescriptions. “Timely access” means that you can get your prescriptions filled within a reasonable amount of time. Section 1 explains how to use a network pharmacy to get your prescriptions filled.

## **Your right to know your treatment choices and participate in decisions about your health care**

You have the right to know about the different Medication Management Treatment Programs we offer and in which you may participate. You have the right to be told about any risks involved in your care. You have the right to refuse treatment. This includes the right to stop taking your medication. If you refuse treatment, you accept responsibility for what happens as a result of refusing treatment.

You have the right to get a detailed explanation from us if you believe that a network pharmacy has denied coverage for a drug that you believe you are entitled to get or care you believe you should continue to get. In these cases, you must request an initial decision. “Initial decisions” are discussed in Section 6.

## **Your right to make complaints**

You have the right to make a complaint if you have concerns or problems related to your coverage or care. “Appeals” and “grievances” are the two different types of complaints you can make. Which one you make depends on your situation. Appeals and grievances are discussed in Section 6.

If you make a complaint, we must treat you fairly (i.e., not discriminate against you). You have the right to get a summary of information about the appeals and grievances that members have filed *against* us in the past. To get this information, call our Customer Service number listed on the cover.

## **Your right to get information about your drug coverage and costs**

This Evidence of Coverage together with Notices from your Group, tells you what you have to pay for prescription drugs as a member of Plan. If you need more information, please call our Customer Service number listed on the cover. You have the right to an explanation from us about any bills you may get for drugs not covered by our Plan. We must tell you in writing why we will not pay for a drug, and how you can file an appeal to ask us to change this decision. See Section 6 for more information about filing an appeal.

## **Your right to get information about our Plan and network pharmacies**

You have the right to get information from us about Blue Cross and Blue Shield and Blue MedicareRx. This includes information about our financial condition and about network pharmacies. To get any of this information, call Customer Service at the phone number listed on the cover.

## **How to get more information about your rights**

If you have questions or concerns about your rights and protections, please call our Customer Service number listed on the cover and in the Introduction section. You can also get free help and information from the Texas Department of Aging and Disability Services or from the SHIP in your state (the Introduction tells how to contact the Texas Department of Aging and Disability or the SHIP in your state). In addition, the Medicare program has written a booklet called *Your Medicare Rights and Protections*. To get a free copy, call 1-800-MEDICARE (1-800-633-4227). TTY/TDD users should call 1-877-486-2048. You can call 24 hours a day, 7 days a week. Or, you can visit [www.medicare.gov](http://www.medicare.gov) to order this booklet or print it directly from your computer.

## **What can you do if you think you have been treated unfairly or your rights are not being respected?**

For concerns or problems related to your Medicare rights and protections described in this section, you can call our Customer Service number listed on the cover. You can also get help from the Texas Department of Aging and Disability Services or from the SHIP in your state (the Introduction tells how to contact the Texas Department of Aging and Disability Services or the SHIP in your state).

## **What are your responsibilities as a member of our Plan?**

Along with the rights you have as a member of our Plan, you also have some responsibilities. Your responsibilities include the following:

- Become familiar with your coverage and the rules you must follow to get covered care as a member. You can use this Evidence of Coverage and other information from us or the Group to learn about your coverage, what you have to pay, and the rules you need to follow. Please call Customer Service at the phone number listed on the cover if you have any questions.
- Give your health care provider(s) the information they need to care for you, and follow the treatment plans and instructions given to you. Be sure to ask your health care provider(s) if you have any questions.
- Pay your contributions toward the premium and any deductibles, co-payments/co-insurance you may owe for the covered drugs you get. You must also meet your other financial responsibilities that are described in Section 3.
- Let us know if you have any questions, concerns, problems, or suggestions. If you do, please call our Customer Service number listed on the cover.

## Section 9 Legal Notices

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### Notice about governing law

Many different laws apply to this Evidence of Coverage. Some parts may apply to your situation because they are required by law. This can affect your rights and responsibilities even if the laws are not included or explained in this document. The law that applies to this document is Title XVIII of the Social Security Act and the regulations created under the Social Security Act by the Centers for Medicare & Medicaid Services (CMS). In addition, other Federal laws may apply and, under certain situations, the laws of the State of Texas may apply.

### Notice about nondiscrimination

When we make decisions about the provision of health care services, we do not discriminate based on a person's race, disability, religion, sex, sexual orientation, health, ethnicity, creed, age, or national origin. All organizations that provide Medicare Prescription Drug Plans, like us, must obey Federal laws against discrimination, including Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, the Americans with Disabilities Act, all other laws that apply to organizations that get Federal funding, and any other laws and rules that apply for any other reason.

## Assignment of Benefits

- a. Under this Evidence of Coverage, we have the right to make any benefit payment either to you or directly to the provider of the covered services. We are specifically authorized by you to determine to whom any benefit payment should be made.
- b. Once covered services are rendered by a provider, you have no right to request us not to pay the claim submitted by such provider and no such request will be given effect. In addition, we will have no liability to you or any other person because of its rejection of such request.
- c. Your claim for benefits under this Evidence of Coverage is expressly non-assignable and non-transferable in whole or in part to any person or entity, including any pharmacy, at anytime before or after covered services is rendered to you. Coverage under this Evidence of Coverage is expressly non-assignable and non-transferable and will be forfeited if you attempt to assign or transfer coverage or aid or attempt to aid any other person in fraudulently obtaining coverage. Any such assignment or transfer of a claim for benefits or coverage shall be null and void.

## Blue Cross and Blue Shields' Separate Financial Arrangements with Prescription Drug Providers

Blue Cross and Blue Shield hereby informs you that it has contracts, either directly or indirectly, with prescription drug providers ("Network Pharmacies") to provide prescription drug services to all persons entitled to prescription drug benefits under health policies and contracts to which Blue Cross and Blue Shield is a party, including all persons covered under this Evidence of Coverage. Under its contracts with Network Pharmacies, Blue Cross and Blue Shield may receive from these providers, discounts for prescription drugs dispensed to you. Neither the Group nor you are entitled to receive any portion of any such payments, discounts and/or other allowances on your co-payment amounts.

If your Plan contains co-insurance, co-insurance amounts payable by you under this Evidence of Coverage will be calculated on the basis of the provider's eligible charge or the agreed upon cost between the Network Pharmacy and Blue Cross and Blue Shield for a prescription drug, whichever is lower.

To help you understand how Blue Cross and Blue Shield's separate financial arrangements with prescription drug providers work, please consider the following example:

- a. Assume you have a prescription dispensed and the normal, full amount of the prescription drug is \$100. How is the \$100 bill paid?
- b. You personally will have to pay the co-insurance amount set out in this Evidence of Coverage.
- c. However, for purposes of calculating your co-insurance amount, the full amount of the prescription drug would be reduced by the discount. In our example, if the applicable discount were 20%, the \$100 prescription drug bill would be reduced by 20% to \$80 for purposes of calculating your co-insurance amount.

- d. In our example, if your co-insurance obligation is 25%, you personally will have to pay 25% of \$80, or \$20. You should note that your 25% co-insurance is based upon the discounted amount of the prescription and not the full \$100 bill.

### **Separate Financial Arrangements with Pharmacy Benefit Managers**

Blue Cross and Blue Shield owns a significant portion of the equity of Prime Therapeutics LLC and informs you that Blue Cross and Blue Shield has entered into one or more agreements with Prime Therapeutics LLC or other entities (collectively referred to as “Pharmacy Benefit Managers”) to provide, on Blue Cross and Blue Shield's behalf, Claim Payments and certain administrative services for your prescription drug benefits. Pharmacy Benefit Managers have agreements with pharmaceutical manufacturers to receive rebates for using their products. Pharmacy Benefit Manager may share a portion of those rebates with Blue Cross and Blue Shield. Neither your Group nor you are entitled to receive any portion of such rebates as they are figured into the pricing of the product.

### **Agency Relationships**

The Group is your agent under this Evidence of Coverage. The Group is not the agent of Blue Cross and Blue Shield.

### **Notices**

Any information or notice which you furnish to Blue Cross and Blue Shield under this Evidence of Coverage must be in writing and sent to Blue Cross and Blue Shield at its offices at 901 South Central Expressway, Richardson, Texas 75080-7399 (unless another address has been stated in this Evidence of Coverage for a specific situation). Any information or notice which Blue Cross and Blue Shield furnishes to you must be in writing and sent to you at your address as it appears on Blue Cross and Blue Shield's records or in care of your Group to the designated representative as it appears on Blue Cross and Blue Shield's records.

### **Continuation Coverage Rights Under COBRA**

NOTE: Certain Groups may not be affected by CONTINUATION OF COVERAGE RIGHTS UNDER COBRA. See your employer or Group Administrator should you have any questions about COBRA.

#### **Introduction**

You are receiving this notice because you have recently become covered under your employer's group health plan (the Plan). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they

would otherwise lose their group health coverage.

For additional information about your rights and obligations under the Plan and under federal law, you should review the Group's Summary Plan Description or contact the Group's plan administrator ("Plan Administrator"). This Evidence of Coverage is not the Summary Plan Description.

### **What Is COBRA Continuation Coverage**

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced; or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes enrolled in Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happen:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes enrolled in Medicare benefits (under Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as a "dependent child."

If the Plan provides health care coverage to retired employees, the following applies: Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying

event. If a proceeding in bankruptcy is filed with respect to your employer, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

### **When Is COBRA Coverage Available?**

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, in the event of retired employee health coverage, commencement of a proceeding in bankruptcy with respect to the employer, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

### **You Must Give Notice of Some Qualifying Events**

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days after the qualifying event occurs. Contact your employer and/or COBRA Administrator for procedures for this notice, including a description of any required information or documentation.

### **How Is COBRA Coverage Provided?**

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

### **Disability Extension Of 18-Month Period Of Continuation Coverage**

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. Contact your employer and/or the COBRA Administrator for procedures for this notice, including a description of any required information or documentation.

### **Second Qualifying Event Extension Of 18-Month Period Of Continuation Coverage**

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

### **If You Have Questions**

Questions concerning your Plan or your COBRA continuation coverage rights, should be addressed to your Plan Administrator. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U. S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

### **Keep Your Plan Informed Of Address Changes**

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

### **Plan Contact Information**

Contact your employer for the name, address and telephone number of the party responsible for administering your COBRA continuation coverage.

### **Conformity with State Statutes**

To the extent not preempted by federal law, laws in some states require that certain benefits or provisions be provided to you if you are a resident of their state when the policy that insures you is not issued in your state. Any provision of this Evidence of Coverage which, on its effective date, is

in conflict with the statutes of the state in which the insured resides and such state statutes are not preempted by federal law on such date, is hereby amended to conform to the minimum requirements of such states.

## **Reimbursement or Subrogation**

If we pay benefits for an injury or illness caused by the act or omission of another person or entity and a recovery is received, or no other person or entity is responsible for the injury or illness but a recovery is received; you agree to reimburse the Plan 100% of the benefits provided up to the entire amount of the recovery. The reimbursement is to be paid from the first dollar received, from any source including but not limited to first party recoveries, lawsuit verdicts and settlements, without reduction for attorney fees or costs and regardless if you are made-whole. In addition, if you or a covered dependent do(es) not choose to pursue a recovery, we have the right to subrogate to recover benefits provided in any of the above situations, with your full cooperation.

## **Information Concerning Employee Retirement Income Security Act of 1974 (ERISA)**

If the Plan is part of an “employee welfare benefits plan” and “welfare plan” as those terms are defined in ERISA:

1. The Group will furnish summary plan descriptions, annual reports, and summary annual reports to you and other plan participants and to the government as required by ERISA and its regulations.
2. We will furnish the Group with this Evidence of Coverage a description of benefits available under this Plan. Upon written request by the Group, we will send any information which we have that will aid the Group in making its annual reports.
3. Claims for benefits must be made in writing on a timely basis in accordance with the provisions of this Plan. Claim filing and claim review health procedures are found in Section 1 and Section 6 of this Evidence of Coverage.
4. We are not the ERISA “Plan Administrator” for benefits or activities pertaining the Plan.
5. This Evidence of Coverage is a Certificate of Coverage and not a Summary Plan Description.
6. The Group has given us the authority and discretion to interpret the Plan provisions and to make eligibility and benefit determinations.

## **Coordination of Benefits and Medicare Secondary Payer Laws**

Special rules may apply when you are covered by this Plan and by another source of coverage. Coverage as specified in this Evidence of Coverage is subject to Coordination of Benefits ("COB") rules and applicable federal Medicare Secondary Payer ("MSP") laws.

The purpose of COB is to ensure that you receive all of the coverage to which you are entitled but no more than the actual cost of the care received. In other words, the total payment from all of your

coverages together will not add up to be more than the total charges that you have incurred. We have the right in administering the COB rules to:

- pay any other organization an amount which we determine should have been paid by Blue Cross and Blue Shield when the other organization paid the provider or any other third party.
- recover any overpayment which we may have made to you, any provider, insurance company, person or other organization.

The MSP laws provide special rules for COB that regulates the manner in which claims are paid when Medicare overlaps with other sources of coverage. The statutory requirements and rules for MSP vary depending on the basis for Medicare and any other coverage.

## Section 10 Definitions of Some Words Used in This Evidence of Coverage

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***For the terms listed below, this section either gives a definition or directs you to a place in this Evidence of Coverage that explains the term.***

**Appeal** – A type of complaint you make when you want a reconsideration and a change to a decision we have made about what drugs are covered for you or what we will pay for a drug. Section 6 explains what appeals are, including the process involved in making an appeal.

**Brand Name Drug** – A prescription drug that is manufactured and sold by the pharmaceutical company that originally researched and developed the drug. Brand-name drugs have the same active-ingredient formula as the generic version of the drug. However, generic drugs are manufactured and sold by other drug manufacturers and are sometimes not available until after the patent on the brand-name drug has expired.

**Centers for Medicare & Medicaid Services (CMS)** – The Federal agency that runs the Medicare program. Section 1 tells how you can contact CMS.

**Claim Charge** – means the amount which appears on a claim as the provider's charge for service rendered to you, without adjustment or reduction and regardless of any separate financial arrangement between Blue Cross and Blue Shield and a particular provider. (See provisions of this Evidence of Coverage regarding “Blue Cross and Blue Shield's Separate Financial Arrangements with Prescription Drug Providers” in Section 9).

**Claim Payment** - means the benefit payment calculated by Blue Cross and Blue Shield, after submission of a claim, in accordance with the benefits described in this Evidence of Coverage. All Claim Payments will be calculated on the basis of the eligible charge for covered services rendered to you, regardless of any separate financial arrangement between Blue Cross and Blue Shield and a particular Provider. (See provisions of this Evidence of Coverage regarding “Blue Cross and Blue Shield's Separate Financial Arrangements with Prescription Drug Providers” in Section 9)

**Coverage Determination** – The decision the Plan makes about the prescription drug benefits you are entitled to get under the plan, and the amount that you are required to pay for a drug.

**Covered Drugs** – The general term we use to mean all of the prescription drugs covered by our Plan.

**Creditable Coverage** – Coverage that is at least as good as the standard Medicare prescription drug coverage.

**Customer Service** – A department responsible for answering your questions about your membership, benefits, grievances, and appeals. See the Introduction for information about how to contact Customer Service.

**Disenroll or Disenrollment** – The process of ending your membership in our Plan. Disenrollment can be voluntary (your own choice) or involuntary (not your own choice). Section 7 discusses disenrollment.

**Eligible Charge** – means (a) in the case of a provider which has a written agreement with a Blue Cross and Blue Shield plan or the entity chosen by Blue Cross and Blue Shield to administer its prescription drug program to provide covered drugs to you at the time you receive the covered drugs, such provider's claim charge for covered drugs and (b) in the case of a provider which does not have a written agreement with a Blue Cross and Blue Shield plan or the entity chosen by Blue Cross and Blue Shield to provide services to you at the time you receive covered drugs, either of the following charges for covered drugs:

- (i) the charge which the particular prescription drug provider usually charges for covered drugs, or
- (ii) the agreed upon cost between a network pharmacy and a Blue Cross and Blue Shield plan or the entity chosen by Blue Cross and Blue Shield to administer its prescription drug program, whichever is lower.

**Evidence of Coverage and Disclosure Information** – This document, along with your enrollment form and any other attachments, which explains your coverage, defines our obligations, and explains your rights and responsibilities as a member of our Plan.

**Exception** – A type of coverage determination that, if approved, allows you to get a drug that is not on your plan sponsor's formulary (a formulary exception), or get a non-preferred drug at the preferred cost-sharing level (a tiering exception). You may also request an exception if your plan sponsor requires you to try another drug before receiving the drug you are requesting, or the plan limits the quantity or dosage of the drug you are requesting (a formulary exception).

**Formulary** – A list of covered drugs provided by the plan.

**Generic Drug** – A prescription drug that has the same active-ingredient formula as a brand-name drug. Generic drugs usually cost less than brand-name drugs and are rated by the Food and Drug Administration (FDA) to be as safe and effective as brand-name drugs.

**Grievance** - A type of complaint you make about us or one of our plan providers, including a complaint concerning the quality of your care. This type of complaint does not involve coverage or payment disputes. See Section 6 for more information about grievances.

**Group** - means the employer, company or union that provides your retiree benefits program.

**Group Policy or Policy** - means the agreement between Blue Cross and Blue Shield and the Group, any addenda, this Evidence of Coverage, the Group Application and the individual applications of the persons covered under the Policy.

**Late Enrollment Penalty** – If you do not have creditable prescription drug coverage, you will have to pay a late enrollment penalty in addition to your monthly contribution toward the premium.

**Medically Necessary** – Services that are proper and needed for the diagnosis or treatment of your medical condition; are used for the diagnosis, direct care, and treatment of your medical condition; meet the standards of good medical practice in the local community; and are not mainly for the convenience of you or your doctor.

**Medicare** – The Federal health insurance program for people 65 years of age or older, some people under age 65 with disabilities, and people with End-Stage Renal Disease (generally those with permanent kidney failure who need dialysis or a kidney transplant).

**Medicare Advantage Plan with Prescription Drug Coverage** – A benefit package offered by a Medicare Advantage Organization that offers a specific set of health benefits at a uniform premium and level of cost-sharing to all people with Medicare. A Medicare Advantage Organization may offer more than one plan in the same service area.

**Medicare Health Plan** – A benefit packaged offered by an insurance company that contracts with Medicare. The plan is available to anyone who has Medicare Parts A and B, except those who have End-Stage Renal Disease (unless certain exceptions apply).

**Medicare Prescription Drug Coverage** – Insurance to help pay for outpatient prescription drugs, vaccines, biologicals, and some supplies not covered by Medicare Part B.

**“Medigap” (Medicare supplement insurance) policy** – Many people who have Original Medicare also buy “Medigap” or Medicare supplement insurance policies to fill “gaps” in Original Medicare coverage.

**Member** (member of our Plan) or “you” – A person with Medicare who is eligible to get covered services, who has enrolled in our Plan, and whose enrollment has been confirmed by the Centers for Medicare & Medicaid Services (CMS).

**Network Pharmacy** – A network pharmacy is a pharmacy where members of our Plan can get their prescription drug benefits. We call them “network pharmacies” because they contract with our Plan. In most cases, your prescriptions are covered only if they are filled at one of our network pharmacies.

**Non-Preferred Network Pharmacy** – A network pharmacy that offers covered drugs to members of our Plan at higher cost-sharing levels than apply at a preferred network pharmacy.

**Out-of-Network Pharmacy** – A pharmacy that we have not arranged with to coordinate or provide covered drugs to members of our Plan. As explained in this Evidence of Coverage, most services you get from non-network pharmacies are not covered by our Plan unless certain conditions apply. See Section 1.

**Part D Drugs** – Any drug that can be covered under a Medicare Prescription Drug Plan. Generally, any drug not specifically excluded under Medicare drug coverage is considered a Part D Drug unless it is covered under Part A or Part B.

**Preferred Network Pharmacy** – A network pharmacy that offers covered drugs to members of our Plan at lower cost-sharing levels than apply at another network pharmacy.

**Prior Authorization** – Approval in advance to get certain drugs that may or may not be on our formulary. Some services are covered only if your doctor or other plan provider gets “prior authorization” from us. Covered services that need prior authorization are marked in the formulary.

**Service Area** – A geographic area approved by the Centers for Medicare & Medicaid Services (CMS) within which an eligible individual may enroll in a particular plan offered by a Medicare Health Plan.

**Supplemental Security Income (SSI)** – A monthly benefit paid by the Social Security Administration to people with limited income and resources who are disabled, blind, or age 65 and older. SSI benefits are not the same as Social Security benefits.

Blue Cross and Blue Shield of Texas refers to HCSC Insurance Services Company, which is a wholly owned subsidiary of Health Care Service Corporation, a Mutual Legal Reserve Company. These companies are independent licensees of the Blue Cross and Blue Shield Association and offer or provide services for Medicare Part D products under HCSC Insurance Services Company's contract S5715 with the Centers for Medicare and Medicaid Services.

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