



December 23, 2009

<Group Contact>
<Group Name>
<Group Address 1>
<Group Address 2>
<Group Address 3>
<Group City, State, Zip>
<Country>

Re: Change in your group's prescription medication creditable-coverage status

Dear Group Administrator:

As you know, federal regulations state that employers that provide prescription medication coverage to Medicare-eligible individuals must tell those individuals whether their prescription drug coverage is creditable or non-creditable under Medicare Part D's prescription drug coverage rules. **We recently determined that your creditable-coverage status has changed.**

As of Jan. 1, 2010, your plan's prescription drug coverage will be classified as non-creditable. This change occurred because we used more recent data when performing this year's analysis of creditable-coverage status. In the future, we will perform this analysis earlier in the year so that you can notify Medicare-eligible individuals prior to the Annual Election Period (Nov. 15 - Dec. 31).

According to the Centers for Medicare and Medicaid Services (CMS) regulations, all Medicare-eligibles, including those currently enrolled in Medicare, must receive notice of any change in creditable-coverage status.

Since the prescription drug coverage offered to your employees will be non-creditable starting Jan. 1, they'll have a 60-day Special Election Period (SEP) for purchasing Medicare Part D prescription drug coverage. Anyone who enrolls in Medicare Part D after the SEP will have to pay a late-enrollment penalty.

You also must notify CMS of this change. You must do so within 30 days following the effective date of the change (Jan. 1, 2010). You can learn more about CMS disclosure requirements on their Web site, www.cms.hhs.gov/CreditableCoverage.

As always, please contact your Regence Sales Team if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Brady Cass".

Brady Cass
Director, Sales