



BlueCross BlueShield of South Carolina
BlueChoice HealthPlan of South Carolina

Health Care Reform — Bulletin #7

July 8, 2010

Medicare Advantage and Prescription Drug Plans

The health care reform law enacted on March 23, 2010, makes some changes to Medicare, but it does not “do away” with Medicare Advantage plans. People with Medicare may still choose between original Medicare and Medicare Advantage plans.

New Medicare Benefits

The new law adds a yearly wellness visit benefit and free preventive services to Medicare in 2011. BlueCross already offers the wellness benefit. We also offer many other preventive services such as colorectal cancer screening exams and mammograms at no or low cost sharing. In 2011, BlueCross will offer all Medicare-covered preventive services for free (no cost sharing). We will mail our Annual Notice of Change (ANOC) to members in late October, which will explain all of our 2011 benefits, including the free preventive benefits.

Medicare Prescription Drug Plan Changes

- **Rebate checks for the coverage gap:**
People with a Medicare prescription drug plan who don't already get “Extra Help” (also called the “low-income subsidy”) may receive a one-time, \$250 rebate check in 2010. The check will come in the mail, directly from Medicare, about 4–6 months after the beneficiary hits the coverage gap.

A WORD OF CAUTION:

Once you reach the coverage gap, Medicare will automatically send you your rebate check. You don't need to give out your Medicare, Social Security or bank account number to get the rebate check. Do not give your personal information to anyone who calls you about the \$250 rebate check. For more information about rebate checks, please call 1-800-MEDICARE.

- **Discounts on brand-name drugs and changes to cost sharing for generic drugs:**
Starting in 2011 the “coverage gap” will get smaller each year until it completely closes by 2020. Once a beneficiary hits the coverage gap each year, he or she can save money through reduced cost sharing on generic drugs and manufacturer discounts on brand-name drugs.

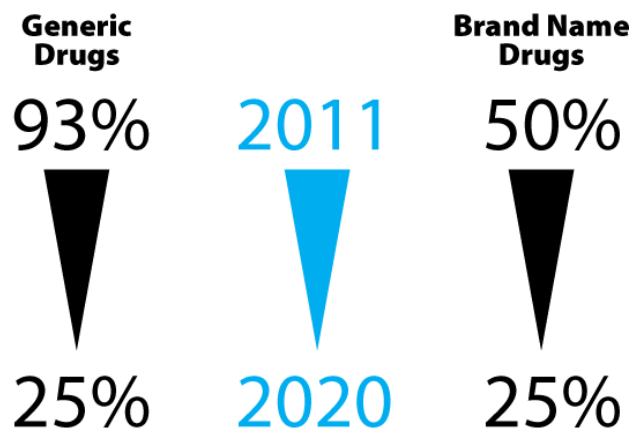
This communication is provided for informational purposes only and does not constitute legal advice or legal opinions. The information contained herein contains summaries of various portions of legislation addressing health care reform and is subject to change without notice. This information is not a substitute for legal advice from your lawyers.

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Beneficiary cost sharing for **generic drugs** will decrease for 2011 and subsequent years. So for 2011, you pay 93 percent of the full cost of generic drugs. The percentage you pay for generics in the gap will go down each year. By 2020, the amount you pay for generic drugs will be only 25 percent of the full cost — which is the same as what you pay before you hit the coverage gap.

With **manufacturers' discounts, beneficiaries get** a 50 percent discount on brand-name drugs once they reach the coverage gap. As with the generic cost sharing, each year the amount you pay for your brand-name prescription drugs will go down until you pay only 25 percent of the cost of brand-name drugs by 2020. Beneficiaries receiving “Extra Help” are not eligible for the 50 percent discount on brand-name drugs. Please note: The Centers for Medicare & Medicare Services (CMS) is responsible for securing these discounts; we do not know which manufacturers or which drugs will be included.

Out-of-Pocket Drug Costs



REMINDER:

Medicare prescription drug coverage is available to everyone with Medicare, regardless of his or her income and resources, health status, or current prescription expenses. There is also “Extra Help” (also called a “low-income subsidy”) to help people with Medicare who have limited income and resources to pay for Medicare prescription drug coverage.

If you qualify for extra help, you will get help paying for your Medicare drug plan’s monthly premium, and for some of the costs you would normally pay for your prescriptions. The amount of extra help you get will be based on your income and resources. You can apply for extra help by calling Social Security at 1-800-772-1213 (TTY 1-800-325-0778) or visiting www.socialsecurity.gov.

This bulletin is part of a series of bulletins we are publishing as we gather information about the health care reform law enacted March 23, 2010. To access all of the bulletins released so far, please visit our websites (SouthCarolinaBlues.com or BlueChoiceSC.com). Click on the appropriate tab (Members, Agents, Benefits Coordinators/Group Administrators or Providers); then click on the “Health Care Reform” link to view the list of the bulletins.

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