

September 30, 2011

Regence Rx Creditable Coverage Determinations for 2012

Federal regulations state that plan sponsors (employer groups) who provide prescription medication coverage to Medicare-eligible individuals must inform those individuals whether their prescription drug coverage is "creditable" under Medicare Part D's prescription drug coverage rules. This information must be provided to the employees who are covered under its prescription drug plan prior to October 15, 2011.

Regence has determined that the creditable-coverage status of some products has changed. Beginning September 29, 2011, a mailing will be sent to any employer and their producer who has non-creditable Rx coverage.

The Rx Creditable Coverage Grid for our standard products has been updated for 2012 and will be posted to the Agent and Employer Websites. The Creditable Coverage FAQ will be post to the Agent web only.

Employers must notify CMS of the creditable coverage status of their prescription plan annually. Employers must do so 30 days following the effective date of any change in the creditable coverage status of any of their benefits. Visit the CMS website, www.coms.hhs.gov/CreditableCovergage to learn more about the disclosure requirements.

If you have questions, please contact your [Regence Sales team](#).

Did you Know:

HIPAA Privacy Reminder

When sending Regence an email, the subject line should never include any PHI (protected health information). Examples of PHI are: a member's name, birthdate, social security number, member number, claim number, group number, and address. You may list PHI in the body of the email when your email has a mechanism to encrypt. Please be aware that any system used to encrypt your email is unable to protect the data in the subject line of the email.

RX Creditable Coverage Status 2012

For Innova[®], Engage[®], and ActivateSM, Regence HSA Healthplan 2.0SM

The Centers of Medicare and Medicaid Services (CMS) require that plan sponsors (employer groups) disclose whether their prescription drug coverage is “creditable” to CMS and to covered individuals. This information is essential for Medicare eligible’s decisions to enroll in Medicare Part D. This grid contains our standard pharmacy products on our new products Innova, Engage, Activate and HSA Healthplan 2.0. If you have a new pharmacy plan benefit that is not located on this grid, please contact your sales representative.

Innova/Engage Prescription Drug Benefit Designs (Group)

	Groups 2-99				Additional Options Groups 100+			
Generics	\$10	\$5	\$7	\$10	\$10	\$5	\$10	\$12
Brand Formulary	\$35	\$25	25%	35%	\$30	30%	20%	35%
Brand Non-formulary	\$75	\$50	50%	50%	\$60	50%	35%	50%
Annual Member OOP Max	NA	\$3K	\$4K	\$5K	\$4K	\$4K	\$3K	\$5K
*Deductibles	Creditable Coverage Indication							
\$0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
\$250	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
\$500	Yes	Yes	Yes	No	Yes	Yes	Yes	No

*Note: Deductible applies to brand-name prescriptions only.

Activate Prescription Drug Benefit Designs (Group)

	Groups 2-99				Additional Options Groups 100+			
Generics	\$10	\$5	\$7	10%	\$10	\$5	\$10	\$12
Brand Formulary	\$35	25%	30%	30%	\$30	30%	20%	35%
Brand Non-formulary	\$75	50%	50%	50%	\$60	50%	35%	50%
Annual Member OOP Max	NA	NA	NA	NA	\$4K	\$4K	\$3K	\$5K
Deductibles	Creditable Coverage Indication							
\$250	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
\$500	Yes	No	No	Yes	Yes	Yes	Yes	No
\$1,000	No	No	No	No	No	No	No	No

Regence H S A Healthplan 2.0

Deductible Indiv/Fam	Deductible Application	Member Cost Share			OOP Max Indiv/Fam	OOP Max Application	Creditable for 2012
		Generic	Pref. Brand	Non Pref			
\$1,500/\$3,000	Family	20%	20%	20%	\$5,000/\$10,000	Family	Yes
\$2,500/\$5,000	Family	20%	20%	20%	\$5,000/\$10,000	Family	Yes
\$3,500/\$7,000	Family	20%	20%	20%	\$5,000/\$10,000	Family	Yes
\$5,000/\$10,000	Family	0%	0%	0%	\$5,000/\$10,000	Family	No
\$3,000/\$5,000	Individual	20%	20%	20%	\$5,000/\$10,000	Individual	Yes
\$3,000/\$7,000	Individual	20%	20%	20%	\$5,000/\$10,000	Individual	Yes

These creditable coverage statuses are valid from January 1, 2012 through December 31, 2012.
Updates are posted annually.

RX Creditable Coverage Status 2012

For Regence Select, Regence ReviveSM, Regence HSA 1.0

This grid contains our standard pharmacy products on our Regence Select, Regence Revive, and Regence HSA 1.0 plans.

Regence Select

Groups 2-99					
Generics	\$5	\$7	\$5	\$7	\$5*
Formulary Brands	20%	30%	20%	30%	30%
Nonformulary Brands	50%	50%	50%	50%	50%
Out-of-Pocket Max / Coinsurance Max	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Deductible	NA	NA	\$250	\$250	\$5,000
Creditable Coverage Indication	Yes	Yes	Yes	Yes	No
*not subject to deductible					

Regence Revive

Groups 2-99				
Generics	\$10	\$7	\$5	No Pharmacy Coverage
Formulary Brands	35%	30%	30%	
Nonformulary Brands	50%	50%	50%	
Out-of-Pocket Maximum or Calendar Year Maximum (Annual Plan Limit)	\$5,000 OOP Max	\$2,000 CY Max (for brands only)	\$3,500 OOP Max	
Deductible	NA	NA	\$5,000 (for brands only)	
Creditable Coverage Indication	Yes	No	No	No

Regence H S A 1.0

Deductible Indiv/Fam	Deductible Application	Member Cost Share			OOP Max Indiv/Fam	OOP Max Application	Creditable for 2012
		Generic	Pref. Brand	Non Pref			
\$1,500/\$3,000	Family	20%	20%	20%	\$5,000/\$10,000	Family	Yes
\$2,500/\$5,000	Family	20%	20%	20%	\$5,000/\$10,000	Family	Yes
\$3,500/\$7,000	Family	20%	20%	20%	\$5,000/\$10,000	Family	Yes
\$3,000/\$5,000	Individual	20%	20%	20%	\$5,000/\$10,000	Individual	Yes
\$3,000/\$7,000	Individual	20%	20%	20%	\$5,000/\$10,000	Individual	Yes

These creditable coverage statuses are valid from January 1, 2012 through December 31, 2012.
Updates are posted annually.

Creditable Coverage for Medicare Part D Agent FAQ

What is Creditable Coverage?

1) What is the definition of Creditable Coverage?

- a. The Centers of Medicare and Medicaid Services (CMS) requires that plan sponsors (employer groups) disclose to CMS and to covered individuals whether their prescription drug coverage is “creditable” (essential for decision to enroll in Medicare Part D).

What are the CMS Timing Requirements?

2) What is the timing of Notifications to Individuals?

- a. Initial Enrollment Period – period when individual first becomes eligible to enroll in a Part D plan.
- b. Prior to October 15 to prepare for Annual Election Period (Oct 15 – Dec 7).
- c. Upon any change that affects whether coverage is creditable, including termination of group Rx coverage, that triggers a Special Election Period (SEP). The SEP allows individuals 60 days from the date on which the individual receives notice to enroll in Part D due to a change in the creditable coverage status.

3) What is the timing of Notifications to CMS?

- a. 60 days after the beginning of the Plan year, or
- b. Within 30 days after any change in the creditable coverage status of prescription drug coverage.

4) What is the late enrollment penalty (LEP)?

- a. 1% per month or such other amount determined by CMS for individuals who do not have creditable coverage for 63 days or longer after the initial enrollment period.

Why a change in creditable coverage status?

5) Why does Regence re-evaluate the creditable coverage status of standard pharmacy plans annually?

- a. CMS changes the standard Medicare Part D benefits annually due to the average per capita Part D spending. Because of these changes, some of the Regence plans may change status. Therefore, creditable coverage status analysis needs to be performed annually.
- b. Regence has accumulated better and more recent internal data that reflects current pharmacy trends and cost controls in relation to member out-of-pocket costs.
- c. Regence provides updates to group administrators through the mail upon renewal or new enrollment.

Which designs are impacted by the changes?

- 6) **Which pharmacy designs are impacted?**
 - a. Changes could happen upon Actuarial's annual evaluation. Plan designs could transition between creditable and non-creditable status from year to year.
 - b. Regence is not out of compliance by these changes in status.

What do members need to do?

- 7) **Once Employer/Group is notified by Regence, (and they in turn notify their Medicare eligibles) how long do these Medicare eligibles have to elect Medicare Part D?**
 - a. A Special Election Period (SEP) allows individuals 60 days from the date on which the individual receives notice to enroll in Part D due to change in creditable coverage status.
- 8) **What is the length of the special election period (SEP)?**
 - a. 60 days from the date the individual receives the notice of status change.
- 9) **When does this special election period (SEP) begin?**
 - a. SEP begins the date on which the individual is notified of status change.
- 10) **What do members need to do upon receiving notice their status has changed?**
 - a. When members apply for Part D, they check a box that they are losing creditable coverage and write when they were notified. Health plans enroll members based on the information that members have a SEP.
 - b. CMS could send them a letter stating they have a LEP because their coverage is listed as non-creditable.
 - c. Members then send the LEP letter along with an appeal form stating when they were notified of the status change. They can also include a copy of the notification from their group administrator.

What do group administrators need to do?

- 11) **What notifications must group administrators send when a change in creditable coverage occurs?**
 - a. By September 15 each year group administrators can reference their updated status from the renewal letter. These grids are posted to the Regence public employer and agent web sites.
 - b. Groups must notify members as soon as they discover the status change. Downloadable templates are available at <http://www.cms.gov/CreditableCoverage>. On left hand side, click on **Model Disclosure Notices**. These forms include a paragraph addressing the Special Election Period (SEP).
 - c. Groups must notify CMS within 30 days of status change. An on-line disclosure form is available at <http://www.cms.gov/CreditableCoverage/> Click on link **Disclosure to CMS Form**.