Blue Medicare Rx™
Prescription drug coverage for Medicare beneficiaries

Your plan for better health™
BlueCross BlueShield of North Carolina
+ Extensive list of covered drugs – more than 3,700
+ Filling prescriptions is easy with a large pharmacy network
+ Virtually no paperwork when you use a network pharmacy
+ Enhanced Plan has no deductible and no coverage gap when you purchase generic drugs
Medicare prescription drug coverage helps cover your drug costs

Savings of up to 50% on prescription drug costs
Blue Cross and Blue Shield of North Carolina (BCBSNC) offers Medicare prescription drug coverage with more than 3,700 drugs covered to help you pay for prescription drugs at local and network pharmacies and through mail order. Sometimes referred to as Medicare Part D, Medicare prescription drug coverage is sponsored by Medicare and is provided through private companies like BCBSNC. Coverage is designed to make filling prescriptions more affordable. In fact, a typical Medicare beneficiary who enrolls for the first time could cut their drug costs in half.³

Access to a large pharmacy network with virtually no paperwork
At BCBSNC, we offer two Medicare Prescription Drug Plans: Blue Medicare Rx℠ Standard Plan and Blue Medicare Rx℠ Enhanced Plan. Both plans give you access to our large pharmacy network. We also take care of your prescription drug claims, so you will have virtually no paperwork when you use a network pharmacy. When you enroll in one of our Medicare Prescription Drug (Part D) Plans, we verify enrollment with Medicare, and Medicare helps pay your prescription costs.²

Eligibility and types of coverage for beneficiaries
Everyone who is entitled to Medicare benefits under Part A or enrolled in Part B is eligible for this coverage; however, you are not enrolled automatically. You must join a plan to receive the coverage.³ This voluntary program is coverage that you may choose to purchase annually.

Unlike Medicare Part A & Part B, this coverage is available solely through private companies, like BCBSNC. Medicare requires that all companies that provide Medicare Part D coverage offer the Medicare standard coverage. Companies may also choose to provide enhanced coverage, like the Blue Medicare Rx Enhanced Plan.

Coverage from a local company you can trust
We offer dependable prescription drug coverage for Medicare beneficiaries living in North Carolina. North Carolina is our home, and we are its leading health insurer.⁴ We have 75 years of experience in the health care industry, so you can count on our expertise and helpful service.

2 BCBSNC is a prescription drug plan sponsor with a Medicare contract.
3 You must join a plan to receive the coverage unless you are eligible for both Medicare and Medicaid. Contact your State Medicaid or medical assistance office if you have questions about your eligibility.
4 “Overall Satisfaction with Plan: Adult Members,” p. 8, Fig. 2, HEDIS Report: Annual Report and Analysis of 2005 Activity (Source: Consumer Assessment of Health Plans Survey [CAHPS]).
Compare our plans

Review the diagrams displayed to learn how both the Blue Medicare Rx Standard Plan and the Blue Medicare Rx Enhanced Plan work. Start at the bottom of the diagrams. You will notice that the amount and structure of your benefits will change as your total drug costs increase.

**Blue Medicare Rx Standard Plan**

Medicare requires that all companies that provide Medicare Part D coverage offer the Medicare standard plan. Our Blue Medicare Rx Standard Plan meets Medicare’s requirements for standard coverage.

<table>
<thead>
<tr>
<th>Standard Plan $52.50/month</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Catastrophic coverage</strong></td>
</tr>
<tr>
<td>Phase 4: Once you have spent $4,050 in true out-of-pocket costs, you will pay very little for prescription drugs. For the rest of the year, you will pay just 5% ($2.25 generic/$5.60 brand, whichever is greater) of the total cost of covered prescription drugs. Your plan will pay 95%.</td>
</tr>
<tr>
<td>You pay 5%</td>
</tr>
<tr>
<td><strong>$4,050 True out-of-pocket costs</strong></td>
</tr>
</tbody>
</table>

| **Coverage gap** |
| Phase 3: Once your total annual drug costs exceed $2,510, you will pay 100% of your prescription drug costs until your true out-of-pocket expenses reach $4,050. This period is referred to as the “coverage gap.” |
| You pay 100% |
| **$2,510 Total drug costs** |

| **Initial coverage level** |
| Phase 2: Once your total annual drug costs exceed $275, you will pay 25% of the total cost of covered prescription drugs. Your plan will pay 75%. |
| You pay 25% |
| **$275 deductible** |
| Phase 1: You pay the first $275 of your prescription drug costs for a given calendar year. |
| You pay 100% |

5 BCBSNC Blue Medicare Rx products are only available to Medicare beneficiaries residing in North Carolina.
### Enhanced Plan
$75.50/month

<table>
<thead>
<tr>
<th>$4,050 True out-of-pocket costs</th>
<th>Catastrophic coverage</th>
<th>Coverage gap</th>
<th>Initial coverage level</th>
<th>No deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>You pay 5%</td>
<td>Phase 4: Once your total annual out-of-pocket drug costs exceed $4,050, <strong>you pay very little for prescription drugs</strong>. You generally pay just 5% (or $2.25 generic/$5.60 brand, whichever is greater), and BCBSNC pays 95%.</td>
<td>Phase 3: Once your total annual drug costs exceed $2,510, you can avoid the “coverage gap” when you purchase generic drugs.</td>
<td>Phase 2: You pay $10 for generic, $30 for brand and 25% coinsurance for certain specialty drugs.</td>
<td>Phase 1: Your coverage starts right away.</td>
</tr>
<tr>
<td>You pay $10</td>
<td><strong>You pay 100%</strong></td>
<td><strong>You pay 100%</strong></td>
<td><strong>You pay $10</strong></td>
<td><strong>You pay $10</strong></td>
</tr>
<tr>
<td>You pay $10</td>
<td><strong>You pay $30</strong></td>
<td><strong>You pay $30</strong></td>
<td><strong>You pay 25%</strong></td>
<td><strong>You pay 25%</strong></td>
</tr>
</tbody>
</table>

**Blue Medicare Rx Enhanced Plan**

Our Blue Medicare Rx Enhanced Plan meets Medicare’s standard requirements plus... you pay no deductible to get your coverage started and you avoid the coverage gap when you purchase generic drugs.

<table>
<thead>
<tr>
<th>Generic drugs</th>
<th>Brand-name drugs</th>
<th>Specialty drugs</th>
</tr>
</thead>
<tbody>
<tr>
<td>You pay $10</td>
<td>You pay $30</td>
<td>You pay 25%</td>
</tr>
</tbody>
</table>
Find out if your prescriptions are covered by our formulary

1. Search online for specific drugs by visiting the “Blue Medicare Rx” section of: www.bcbsnc.com/medicareplans (You may also download the complete formulary in PDF format).

2. Call or visit your local BCBSNC authorized agent.

3. Call 1-800-478-0583 7 days a week, 8 a.m. – 8 p.m. and speak to an authorized agent. Hearing and speech impaired (TTY/TDD users) call 1-800-922-3140. Representatives can help you determine whether or not a specific drug is covered.

Many of the most commonly used drugs are covered

The Blue Medicare Rx Enhanced Plan and the Blue Medicare Rx Standard Plan have a formulary that lists the generic, brand-name and specialty drugs covered by the plans. The formulary covers all the drugs eligible for coverage under Medicare Part D and includes many of the most popular prescription drugs used by Medicare beneficiaries – more than 3,700 drugs.

Medicare Part D plans do not cover certain drugs, or classes of drugs, that are excluded by law, such as over-the-counter medications, prescription vitamins, benzodiazepines and barbiturates.

Extensive network of pharmacies makes getting your medications easy

Except under certain non-routine circumstances, you need to use a network pharmacy to obtain the full benefit of your Medicare Part D plan. BCBSNC offers an extensive network of pharmacies of the following types: retail, chain, mail-order, home infusion, long-term care or Indian Health Service/Tribal/Urban/Urban Indian Health Program (I/T/U) pharmacies.

You can use our convenient mail-order pharmacy

Our plans also offer the convenient option of using a mail-order pharmacy. You can purchase up to a 90-day supply through mail order, and your medications will be delivered directly to your home.
Paying for Medicare Part D coverage

Find out if you qualify to receive financial assistance

1. Call Medicare at: 1-800-MEDICARE (1-800-633-4227), 24 hours a day/7 days a week.
   Hearing and speech impaired (TTY/TDD users) call: 1-877-486-2048
   Or, visit Medicare’s Web site, www.medicare.gov and click the “Prescription Drug Plan” link.

2. Call the Social Security Administration at: 1-800-772-1213 between 7 a.m. and 7 p.m., Monday – Friday.
   Hearing and speech impaired (TTY/TDD users) call: 1-800-325-0778

3. Call your State Medicaid Office

Premiums for Medicare Part D plans vary based on the plan that you choose.
If you have Medicare Part B, you must continue to pay your Medicare Part B premium if not otherwise paid for under Medicaid or by another third party.

You may qualify for extra help to pay for plan premiums and prescription drug costs
If you have Medicare and have limited income and resources, you may qualify for special financial assistance to help you pay for your Medicare Part D plan premiums and prescription drug costs. The amount of assistance you qualify for will depend on your income and resources:

+ If your annual income is below $15,315 for a single person (or $20,535 if you are married and living with your spouse) for 2007, you may qualify for financial assistance. Slightly higher income levels may apply if you provide half support to other family members living with you.6

+ If your resources (including your savings and stocks, but not counting your home or car) are under $11,710 (for a single person) or under $23,410 (for a married couple) you may qualify for financial assistance.6

If you receive an application for financial assistance, fill it out and return it in the Social Security Administration’s postage-paid envelope.

November 15, 2007
First day you can enroll in a Medicare Part D plan for 2008, or the first day you can elect to switch to a different Medicare Part D plan (unless you have a special election period).

December 31, 2007
Last day you can enroll in a Medicare Part D plan for 2008, or the last day you can elect to switch to a different Medicare Part D plan (unless you have a special election period).

January 1, 2008
First day coverage begins (if you join a plan or switch plans by December 31, 2007).
How to join

Choose a plan
Before you select a plan, gather any documentation you may have on your prescription drug purchases over the past year. This information will help you determine how much you might save with a Medicare Part D plan. Then you can choose a plan that best fits your needs and your budget.

Enroll in a plan
Then you must fill out an enrollment form. You will be enrolled in the Medicare Part D plan you select, and Medicare will be informed that you have enrolled.

Changing Medicare Part D plans
Congress designed Medicare prescription drug coverage to work on an annual enrollment cycle. This means that each year, you will have the option to remain with your existing Medicare Part D plan or change plans between November 15 and December 31.

You may also have another opportunity during the year to switch plans, under limited circumstances. For example, if you move out of your plan’s service area, you will have an opportunity to choose another plan that serves your new area. Please contact BCBSNC if you would like more information about other situations in which you may qualify for coverage or changes in coverage outside the annual enrollment cycle.

Important enrollment information
You may enroll in Medicare Part D by:

1. Calling 1-800-MEDICARE (1-800-633-4227)
2. Visiting the Centers for Medicare & Medicaid Services (CMS) Online Enrollment Center, located at: www.medicare.gov
3. Enrolling directly with the Medicare Part D plan you choose.

+ Generally, you can join or change Medicare Part D plans during the annual enrollment period – any time between November 15 and December 31 each year, with an effective date of January 1 of the following year.

+ If you are enrolling at a different time of year, the effective date of your coverage will depend on your situation and whether or not you qualify for a special election period.

+ You may only be enrolled in one Medicare Part D plan at a time.

+ If you enroll in a stand-alone Medicare Part D plan while enrolled in a Medicare Advantage plan, you will be disenrolled automatically from the Medicare Advantage plan and returned to Original Medicare.
Penalties for late enrollment

You can join a Medicare Part D plan any time during your initial enrollment period for Medicare. Generally, a Medicare beneficiary’s initial enrollment is a seven-month period: three months prior to becoming Medicare eligible, the month you become Medicare eligible, and three months following the month you become Medicare eligible.

If you were eligible for Medicare on or prior to January 1, 2007 and did not enroll in a Medicare Part D plan or Medicare Advantage Prescription Drug Plan by May 15, 2007, you may have to pay a penalty for late enrollment. This penalty will not apply to Medicare beneficiaries who have equal or better prescription drug benefits through their employer or another plan.

The penalty was designed to help hold down the overall costs of the drug program and is similar to the penalty imposed for late enrollment in Medicare Part B. The late penalty equals one percent of the national base benchmark premium amount for each month that enrollment is delayed beyond your initial enrollment period. For example, if you delay enrollment in a Medicare Part D plan for two years, you will pay an additional 24 percent on top of the national base benchmark premium each month.
### Important dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 15, 2007</td>
<td>First day you can enroll in a Medicare Part D plan for 2008, or the first day you can elect to switch to a different Medicare Part D plan (unless you have a special election period).</td>
</tr>
<tr>
<td>December 31, 2007</td>
<td>Last day you can enroll in a Medicare Part D plan for 2008, or the last day you can elect to switch to a different Medicare Part D plan (unless you have a special election period).</td>
</tr>
<tr>
<td>January 1, 2008</td>
<td>First day coverage begins (if you join a plan or switch plans by December 31, 2007).</td>
</tr>
</tbody>
</table>

### Overview comparison chart

<table>
<thead>
<tr>
<th>Standard Plan</th>
<th>Enhanced Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$275 deductible</td>
<td>No deductible - coverage begins right away</td>
</tr>
<tr>
<td>25% of total annual drug costs up to $2,510</td>
<td>$10 and $30 copayments for most drugs</td>
</tr>
<tr>
<td>You pay 100% during “coverage gap” until true out-of-pocket costs reach $4,050</td>
<td>No “coverage gap” for generic drugs</td>
</tr>
<tr>
<td>Generally, 5% coinsurance after “coverage gap” ends</td>
<td></td>
</tr>
<tr>
<td>Extensive list of covered drugs - more than 3,700</td>
<td></td>
</tr>
<tr>
<td>A large and accessible pharmacy network</td>
<td></td>
</tr>
<tr>
<td>Virtually no paperwork</td>
<td></td>
</tr>
</tbody>
</table>

For costs and further details of Blue Medicare Rx coverage, including exclusions and reductions or limitations and terms under which the policy may be continued in force, see your agent or contact BCBSNC. The information described in this brochure is for 2008 and may change on January 1, 2009.

An independent licensee of the Blue Cross and Blue Shield Association. ©, SM Marks of the Blue Cross and Blue Shield Association. SM1 Mark of Blue Cross and Blue Shield of North Carolina. U3438b, 7/07
S5540_0351, 7/26/07

This brochure may be available in alternate formats upon request.

If you are covered by or eligible for Medicare, contact your local BCBSNC representative to learn about our Medicare Part D plans.

Call: 1–800–478-0583,
7 days a week, 8 a.m. – 8 p.m.
Hearing and speech impaired (TTY/TDD users), call: 1–800–922-3140,
7 days a week, 8 a.m. – 8 p.m.