
Prescription Drug Benefits

This insert will accompany the Medicare-Coordinating Plans Member Handbook for enrollees who are eligible for and have elected these benefits.

Important Notice.....	1
Using Your Prescription Drug Benefits.....	2
Who to Contact for Assistance.....	3
General Rules Governing Benefits.....	5
Prescription Drug Benefits	6
Exclusions	9
Basic Plan Provisions.....	9
Payment of Monthly Premiums	9
Eligibility	10
Definitions	11

January 2012

*Commonwealth of Virginia
Department of Human Resource Management*

IMPORTANT NOTICE

This insert describes the outpatient prescription drug benefits that You have under the Commonwealth of Virginia Retiree Health Benefits Program if You are enrolled in a plan that includes this coverage. Plans including outpatient prescription drug benefits are Advantage 65, Advantage 65 with Dental/Vision, Medicare Complementary/Option I, Medicare Supplemental/Option II, and Medicare Supplemental/Option II with Dental/Vision. This program is an enhanced Medicare Part D Plan, approved by Medicare and administered by Medco. The plan is called Medco Medicare Prescription Plan for the Commonwealth of Virginia Retiree Health Benefits Program. Materials from Medco will reflect this plan name.

Throughout this insert, there are words that begin with capital letters. In most cases, these are defined terms. See the “Definitions” sections of Your Medicare-Coordinating Plans Member Handbook and/or this insert for the meaning of these words.

Your outpatient prescription drug coverage is generally limited to the drugs that are listed on the plan's Formulary. However, drugs that are not on the plan's Formulary but have been approved through the Exception or appeal process are also covered. Drugs that are excluded by Medicare will not be granted an Exception. Drugs covered by Medicare Part B, as prescribed and dispensed, are not covered. Generally, only drugs that are covered under the Medicare Prescription Drug Benefit (Part D) and that are included on this plan's Formulary are covered. To obtain Formulary information, You may go to www.medco.com or call 800-572-4098. You may also refer to the printed Formulary that is provided to all participants.

Some of the drugs covered under this plan have coverage limits as indicated in the Formulary. This could include, but is not limited to, restricting the amount of medication covered within a period of time and/or requiring Your doctor's approval. If You have questions about complying with any coverage limits, contact Medco at 800-753-2851.

There are some rules and information that apply to all benefits (medical, dental, vision and/or prescription drugs as applicable to Your own coverage), including “General Rules Governing Benefits”, “Exclusions”, “Basic Plan Provisions”, “Definitions” and “Eligibility”, which are included in Your Commonwealth of Virginia Retiree Health Benefits Program Medicare-Coordinating Plans Member Handbook. Any rules or information that applies specifically to these outpatient prescription drug benefits will be included in this insert. In addition, Your Summary of Benefits and Evidence of Coverage, provided by Medco as part of Your welcome kit or annual notice of changes, together with any riders and amendments that may be sent to You by Medco, describe rules governing Medicare Part D plans.

USING YOUR PRESCRIPTION DRUG BENEFITS

You must use a Network Pharmacy to receive benefits under this plan. Except in certain limited circumstances, failure to use a Network Pharmacy will result in denial of benefits. See Your Summary of Benefits and Evidence of Coverage, provided by Medco, for more information. To identify a Network Pharmacy, contact Medco Customer Service at 800-572-4098, go to www.medco.com or consult Your pharmacy directory based on Your zip code. The pharmacy network can change at any time. Be sure to confirm participation before filling any prescription.

This plan also offers a mail order service. This service is generally used to fill prescriptions for maintenance drugs (drugs that You take on a regular basis for chronic or long-term medical conditions). The drugs available through mail service are indicated on your Formulary. Usually, mail-order service will get your order to you in no more than 10 days. However, sometimes your mail order may be delayed. Make sure you have at least a 14-day supply of Your medication on hand. For more information, contact Medco Customer Service.

Program Administration

Department of Human Resource Management

Web Address www.dhrm.virginia.gov
E-Mail ohb@dhrm.virginia.gov

Medicare

Web Address www.medicare.gov
By Phone 800-MEDICARE

GENERAL RULES GOVERNING BENEFITS

All applicable “General Rules Governing Benefits” listed in the Medicare-Coordinating Plans Member Handbook also apply to the outpatient prescription drug benefits described in this insert.

When Benefits End

You may terminate the benefits described in this insert prospectively by submitting an enrollment form to Your Benefits Administrator indicating Your request to terminate coverage or by using EmployeeDirect on line at www.dhrm.virginia.gov. There are some situations that would require Your disenrollment from this coverage. Generally, Your enrollment in another Medicare Part D plan would result in disenrollment from the Commonwealth of Virginia Retiree Health Benefits Program's Medicare Part D coverage described in this insert. Please refer to Your Summary of Benefits and Evidence of Coverage, provided by Medco, for more information about disenrollment from this or other Medicare Prescription Drug Plans.

Appeals

Except as described below, the Appeals section of “General Rules Governing Benefits” in Your Medicare-Coordinating Plans Member Handbook does not apply to this Medicare Prescription Drug Plan. Refer to Your Evidence of Coverage, provided by Medco, for a complete description of the appeals and grievance process available to You. Since this is a Medicare-approved plan, there is no claim appeals process available through the Department of Human Resource Management, the Program Administrator. However, You may appeal administrative decisions that are based strictly on the policies and procedures of the Department by writing to the Director of the Department of Human Resource Management and including Your name, identification number and a full description of the administrative matter. (See Your Medicare-Coordinating Plans Member Handbook for more information about Your appeal rights to the Department of Human Resource Management). The Department will not adjudicate appeals unrelated to its own policies and procedures.

Coordination of Benefits

The “Coordination of Benefits” section of “General Rules Governing Benefits” in Your Medicare-Coordinating Plans Member Handbook generally does not apply to this Medicare Prescription Drug Plan. See Your Summary of Benefits and Evidence of Coverage, provided by Medco, for more information about having other prescription drug coverage. Participants may not be enrolled in more than one Medicare Prescription Drug Plan at any time.

Your Rights and Responsibilities under a Medicare Prescription Drug Plan

Your Summary of Benefits and Evidence of Coverage, provided by Medco, describe Your rights, protections, and responsibilities as a participant in a Medicare Prescription Drug Plan.

PRESCRIPTION DRUG BENEFITS

Following are the provisions of this Medicare prescription drug plan. Consult Your Summary of Benefits and Evidence of Coverage (provided by Medco) for additional information.

Formulary - Generally, only drugs included on the plan's Formulary will be covered. (However, participants may apply for a Formulary Exception by requesting a Coverage Determination/Decision-see Your Summary of Benefits and Evidence of Coverage for complete information).

To determine whether a drug is included on the plan's Formulary and its coverage tier, contact Medco Customer Service or go to the Medco Web site at www.medco.com. You may also refer to the printed Formulary provided to all participants. Some of the drugs covered under this plan have coverage limits. This could include restricting the amount of medication covered within a period of time, requiring pre-authorization, or requiring Step Therapy.

If a drug is removed from the Formulary or moved to a higher cost-sharing tier, or if Prior Authorizations, Quantity Limits and/or Step Therapy restrictions are added after January 1, the start of the plan year, and You are taking the drug affected by the change, You will be permitted to continue taking that drug at the same level of cost-sharing for the remainder of the plan year. However, if a Brand Name Drug is replaced with a new Generic drug, or the Formulary is changed as a result of new information on a drug's safety or effectiveness, You may be affected by this change during the plan year. You will be notified of the change at least 60 days before the date that the change becomes effective, or You will be provided with a 60-day supply at the pharmacy (unless the drug is removed from the Formulary because it has been recalled from the pharmacies, in which case the drug will be removed immediately and affected participants will be notified as soon as possible). Please refer to Your Formulary, provided by Medco, for additional information.

Drugs that are excluded for Medicare Part D coverage as determined by Medicare will not be included on the Formulary.

Tier - Drugs included on the Formulary are placed in tiers. The co-payment or coinsurance amount that You pay for any covered drug depends on its tier. Charts describing the type of drug in each tier and your co-payment or coinsurance are included in this insert.

Coverage Stages

Deductible Stage - A \$320 plan year (January 1-December 31) deductible will apply to all covered drugs except Generics. There will be no deductible for covered Generics. This means that participants must pay the first \$320 of actual drug cost for covered Brand Name Drugs. Once the deductible has been met, the applicable co-payment or coinsurance will apply.

Initial Coverage Stage – Once your deductible has been met for covered Brand Drugs (and immediately for covered Generics), your co-payments/coinsurance will remain as follows until your total covered drug cost reaches \$2,930.

Initial Coverage Stage - Covered Tier 1 (Generic) Drugs	Co-payment
Per one-month (up to 34-day) supply at a retail Network Pharmacy	\$7
Per up to a 90-day supply through the mail-order service	\$7

Initial Coverage Stage - Covered Tier 2 (preferred Brand) Drugs	Co-payment
Per one-month (up to 34-day) supply at a retail Network Pharmacy	\$25
Per up to a 90-day supply through the mail-order service	\$50

Initial Coverage Stage - Covered Tier 3 (non-preferred Brand) Drugs	Coinsurance
Per one-month (up to 34-day) supply at a retail Network Pharmacy	You pay 75%
Per up to a 90-day supply through the mail-order service	You pay 75%

Initial Coverage Stage - Covered Tier 5 (specialty) Drugs	Coinsurance
Per one-month (up to 34-day) supply at a retail Network Pharmacy	You pay 25%
Per up to a 90-day supply through the mail-order service	You pay 25%

Coverage Gap Stage – Once your total drug cost exceeds \$2,930, you move into the Coverage Gap Stage. Your co-payment/coinsurance level will remain the same as in the Initial Coverage Stage, but the Medicare Coverage Gap Discount Program will pay 50% of the cost of any covered brand drug manufactured by a program participant. (If the balance of the drug cost after the Discount Program pays its share is less than the co-payment or coinsurance due based on the drug's coverage tier, you will pay just the remaining cost.) This plan will pay the balance after the discount and your co-payment/coinsurance are applied.

Catastrophic Coverage Stage – If your annual out-of-pocket drug expense (including Your deductible, co-payments, coinsurance, the contribution from the Medicare Coverage Gap Discount Program, but not including the cost of non-covered or excluded drugs) reaches \$4,700, you will pay the greater of either 5% coinsurance or a co-payment of \$2.60 (covered Generics or drugs treated as Generics) or \$6.50 (covered Brand Name Drugs). You will remain in this stage for the remainder of the year.

Explanation of Benefits – To help You track your coverage stage, You will receive a statement of what You have spent on Your prescription drugs and the total amount that the plan has paid for any month during which You use Your coverage.

Medication Therapy Management Programs - These programs are offered at no additional cost for participants who have multiple medical conditions, are taking many prescription drugs, or who have high drug costs. These programs were developed by a team of pharmacists and doctors and help in providing better coverage for participants. They help the plan to ensure that participants are using appropriate drugs to treat their medical conditions and help identify possible medication errors. If You are identified as meeting specific criteria for these programs, You may be contacted. While You are not required to participate, You are encouraged to do so. There is no cost for these programs.

EXCLUSIONS

All applicable “Exclusions” listed in the Medicare-Coordinating Plans Member Handbook apply to the outpatient prescription drug benefits described in this insert. Also, any exclusions or limitations listed in Your Summary of Benefits and Evidence of Coverage, provided by Medco, will apply.

BASIC PLAN PROVISIONS

All applicable “Basic Plan Provisions” listed in the Member Handbook also apply to the outpatient prescription drug benefits described in this insert.

PAYMENT OF MONTHLY PREMIUMS

For the coverage described in this insert, Your premium is due on the first of the coverage month. See Your Evidence of Coverage, provided by Medco, for more information about paying premiums under a Medicare Prescription Drug Plan. Your prescription drug premium is a part of your total Medicare-Coordinating Plan premium. Coverage limited to only prescription drugs is not available under the State Retiree Health Benefits Program. Failure to pay your total monthly premium can result in termination of coverage, including this prescription drug coverage. Your Medicare-Coordinating Plans Member Handbook discusses premium payments under the state program.

If you qualify for the Low-Income Subsidy or “Extra Help”, your premium will be reduced based on the subsidy level determined by Social Security. Your Evidence of Coverage provides additional information.

Eligibility

Applicable eligibility information listed in the Medicare-Coordinating Plans Member Handbook, as well as eligibility information in the Summary of Benefits and Evidence of Coverage, provided by Medco, also applies to the outpatient prescription drug benefits described in this insert. In addition, new retiree group participants who are eligible for Medicare or existing retiree group participants who become eligible for Medicare, either of whom do not elect a plan that includes this prescription drug coverage may not elect prescription drug coverage in the future under the state program. If this prescription drug coverage is terminated at any time under the state program by electing a state program plan that does not include outpatient prescription drug coverage, by enrolling in Medicare Part D coverage outside of the state program, or if Medicare terminates this coverage at any time, it may not be elected/added again in the future under the State Retiree Health Benefits Program.

Participants must be eligible for Medicare Part D to be eligible for the coverage described in this insert. All requirements of Medicare, as described in Your Evidence of Coverage, provided by Medco, apply to this coverage. If You lose eligibility for Medicare Part D coverage, as determined by Medicare, including moving out of the plan's Service Area, You are no longer eligible for the benefits described in this insert. The Service Area for this plan includes all 50 states, the District of Columbia, and Puerto Rico. Participants living abroad are not eligible for these benefits since they are not considered to reside in the Service Area of this plan.

DEFINITIONS

All applicable “Definitions” listed in the Medicare-Coordinating Plans Member Handbook also apply to the outpatient prescription drug benefits described in this insert.

Brand Drug(s)/Brand Name Drug(s) – 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 generally not available until after the patent on the Brand Drug has expired.

Centers for Medicare & Medicaid Services (CMS) – The Federal agency that runs Medicare.

Coverage Determination/Decision – The decision made about the prescription drug benefits You are entitled to get under this coverage, and the amount that You are required to pay for the drug. See Your Evidence of Coverage, provided by Medco, for more information.

Evidence of Coverage – The document provided by Medco that explains Medicare Prescription Drug Coverage.

Exception – A type of Coverage Determination that, if approved, allows You to get a drug that is not on Your 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 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 – The list of drugs covered by this plan.

Generics/Generic Drug(s) – A prescription drug that is approved by the Food and Drug Administration (FDA) as having the same active ingredient(s) as the Brand Drug. Generally, Generic drugs cost less than Brand Name Drugs.

Low-Income Subsidy/Extra Help – A Medicare program to help people with limited income and resources pay Medicare prescription drug program costs, such as premiums, deductibles, and coinsurance. Your Evidence of Coverage provides additional information.

Medicare – The federal health insurance program for people 65 years of age or older, some people under age 65 with certain disabilities, and people with End-Stage Renal Disease (generally those with permanent kidney failure who need dialysis or a kidney transplant). Medicare Part D provides outpatient prescription drug coverage.

Medicare Coverage Gap Discount Program – A program that provides discounts on most covered Part D Brand Name Drugs to Part D enrollees who have reached the Coverage Gap stage and who are not already receiving Extra Help. Discounts are based on agreements between the federal government and certain drug manufacturers. For this reason, most, but not all, Brand Name Drugs are discounted.

Network Pharmacy – A pharmacy where participants in this Plan can get their prescription drug benefits. We call them “Network Pharmacies” because they contract with this Plan.

Prior Authorization – Approval in advance to get certain drugs on our Formulary. Some drugs are covered only if Your doctor or other provider gets Prior Authorization. Covered drugs that need Prior Authorization are marked on the Formulary.

Quantity Limits – A management tool that is designed to limit the use of selected drugs for quality, safety, or utilization reasons. Limits may be on the amount of the drug that is covered per prescription or for a defined period of time.

Service Area – The geographic area approved by the Centers for Medicare & Medicaid Services (CMS) within which an eligible individual may enroll in a certain plan, and in the case of network plans, where a network must be available to provide services. The service area for this plan includes all 50 states, the District of Columbia and Puerto Rico.

Step Therapy – A utilization tool that requires you to first try another drug to treat your medical condition before the drug your physician may have initially prescribed is covered.

Summary of Benefits – The document provided by Medco that provides information about this plan.

T20800 (1/2012)