

From Blue Shield of California website:

Creditable and non-creditable coverage

Creditable coverage

A health plan's prescription drug coverage is creditable if the amount the plan expects to pay on average for prescription drugs for individuals covered by the plan in 2011 is the same or more than what standard Medicare prescription drug coverage would be expected to pay on average.

Why creditable coverage is important to know

- Individuals who have creditable coverage do not need to purchase a Medicare PDP by December 31, 2010, because their current coverage is equal to or better than the standard Medicare Part D benefit design.
- As long as they keep creditable coverage, they can choose to enroll in a Medicare PDP at any time without risk of a premium penalty.
- If a member with creditable coverage decides to drop their coverage, they have 63 days to enroll in a Medicare PDP without risk of a late enrollment penalty.

Non-creditable coverage

A health plan's prescription drug coverage is non-creditable when the amount the plan expects to pay on average for prescription drugs for individuals covered by the plan in 2011 is less than that which standard Medicare prescription drug coverage would be expected to pay on average.

- Individuals who have prescription drug coverage that is non-creditable have two choices:
 - Do nothing and pay a late enrollment penalty if they decide to enroll later; or
 - Purchase an individual Medicare Part D PDP in addition to their health plan's coverage (if doing so does not otherwise affect their eligibility for group coverage, depending on the group's eligibility rules).
- For those who decide to purchase a Medicare PDP, the annual election period is November 15 through December 31, 2010. They may be subject to a late enrollment penalty if they didn't enroll when they were first eligible.
- Medicare-eligible individuals with non-creditable coverage, who elect to do nothing and keep their current coverage but then enroll in a Medicare PDP at a later date, will pay a premium penalty of one percent per month for every month they delayed signing up. This is a lifetime penalty that is added to the premium each year.

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The list below denotes which Blue Shield of California plans offer creditable prescription drug coverage and which do not. Effective January 1, 2011.

Small Group

Group	Creditable plans	Non-creditable plans
Small Group	All plans <u>except</u> as listed in the non-creditable coverage column	Shield Spectrum PPO Plans 1000 Value, 1500 Value, 2000 Value*
		Shield Savings 4800 Shield Savings QS 4800
		Shield Spectrum PPO Plan 3000*
		Active Choice SM Plan 500* SG
		CalChoice Active Choice Plan 500*