
Prescription Drug Benefits

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

Important Notice	1
Using Your Outpatient Prescription Drug Benefits	2
Who to Contact for Assistance	3
General Rules Governing Benefits	4
Outpatient Prescription Drug Benefits	5
Exclusions	8
Basic Plan Provisions	8
Definitions	8
Eligibility	9

January 2009

*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 these benefits. 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. Any new member materials 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 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 on the formulary are covered. To access Formulary information, You may go to www.medco.com or call 1-800-572-4098. You may also refer to the partial Formulary that is provided to all members.

Some of the drugs covered under this plan have coverage limits as indicated by the Formulary. This could include limiting the amount of medication within a period of time and/or requiring Your doctor's approval. If You need to comply with any of these coverage limits, contact Medco at 1-800-753-2851 to request a coverage review.

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 that are included in Your Commonwealth of Virginia Retiree Health Benefits Program Medicare-Coordinating Plans Member Handbook. Any rules or information that applies specifically to outpatient prescription drug benefits will be included in this insert. In addition, Your Evidence of Coverage, provided by Medco as part of Your welcome kit or annual notice of change 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 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 regional pharmacy directory. The pharmacy network can change at any time, so be sure to confirm participation before filling any prescription.

This plan also offers a mail order pharmacy. 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). It usually takes three to five days to process Your order and ship it to You. However, since an order could be delayed, always make sure that You have at least a 14-day supply of Your medication on hand. For more information on how to use Medco by Mail, contact Customer Service.

WHO TO CONTACT FOR ASSISTANCE

Outpatient Prescription Drug Plan Administration/Customer Service

Customer Service
 Medco Medicare Prescription Plan
 Medco Health Solutions, Inc.
 P. O. Box 630246
 Irving, Texas 75063-0115
 800-572-4098
 TTY/TDD 800-716-3231

Web Address www.medco.com

Coverage Determinations
 Medco Health Solutions, Inc.
 Attn: Medicare Review
 P. O. Box 630367
 Irving, Texas 75063-0115
 800-753-2851
 TTY/TDD 800-716-3231
 Fax: 888-235-8551

State Plan Eligibility and Enrollment

If You Are A:	Contact This Benefits Administrator
Virginia Retirement System Retiree/Survivor or VSDP Long Term Disability Program Participant	The Virginia Retirement System 888-827-3847 www.varetire.org
Local or Optional Retirement Plan Retiree or Survivor or non-VSDP LTD Participant	Your Pre-Retirement Agency Benefits Administrator

Program Administration

Department of Human Resource Management

Web Address www.dhrm.virginia.gov/hbenefits/retiree.html

E-Mail hbp@dhrm.virginia.gov

Medicare

800-Medicare
www.medicare.gov

GENERAL RULES GOVERNING BENEFITS

All applicable General Rules Governing Benefits listed in the 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. 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 that is described in this insert. Please refer to Your Evidence of Coverage, provided by Medco, for more information about disenrollment from a Medicare Prescription Drug Plan.

Appeals

The Appeals section of Your 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 Your Member Handbook does not apply to this Medicare Prescription Drug Plan. See Your 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 Evidence of Coverage, provided by Medco, describes Your rights, protections, and responsibilities as a member of a Medicare Prescription Drug Plan.

PRESCRIPTION DRUG BENEFITS

Following are the provisions of this Medicare prescription drug plan. Consult Your 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 Formulary exceptions by requesting a Coverage Determination-see Your Evidence of Coverage for complete information).

To determine whether a drug is included on the plan's Formulary and, if so, in which tier it is included (see below), contact Medco Customer Service or go to the Medco Web site at www.medco.com. You may also refer to the partial formulary provided to all members. Some of the drugs covered under this plan have coverage limits. This could include limiting the amount of medication within a period of time and/or requiring Your doctor's approval.

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 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. 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 members will be notified as soon as possible). Please refer to Your Formulary and Evidence of coverage, provided by Medco, for additional information.

The Formulary will exclude drugs that are excluded for Medicare Part D coverage as determined by Medicare.

Tier - Drugs included on the Formulary are placed in tiers. The copayment or coinsurance amount that You pay for any Covered Drug depends on its tier. The charts on page 6 describe the type of drug in each tier and what You pay for any drug that You receive in that tier (until You reach the catastrophic coverage level).

Deductible - A \$295 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 \$295 of actual drug cost for covered Brand Name Drugs. Once the deductible has been met, the applicable copayment or coinsurance will apply.

Copayments

Drug Tier	Type of Drug/Method of Purchase	Your Copayment Amount
Tier 1	Per up to a 34-day supply of a covered generic drug at a retail network pharmacy (up to a 90-day supply)	\$7.00
Tier 1	Up to a 90-day supply of a covered generic drug purchased through the mail-order pharmacy	\$7.00
Tier 2	Per up to a 34-day supply of a covered preferred brand at a retail network pharmacy (up to a 90-day supply)	\$25.00 (after deductible)
Tier 2	Up to a 90-day supply of a covered preferred brand purchased through the mail-order pharmacy	\$50.00 (after deductible)

Coinsurance

Drug Tier	Type of Drug/Method of Purchase	Your Copayment Amount
Tier 3	Per up to a 34-day supply of a covered non-preferred brand at a retail network pharmacy (up to a 90-day supply)	75% of the cost of the drug (after deductible)
Tier 3	Up to a 90-day supply of a covered non-preferred brand purchased through the mail-order pharmacy	75% of the cost of the drug (after deductible)
Tier 4	Non-covered drugs	No coverage - You pay 100% of the cost of the drug
Tier 5	Per up to a 34-day supply of a covered specialty drug at a retail network pharmacy	25% of the cost of the drug (after deductible)
Tier 5	Up to a 90-day supply of a covered specialty drug purchased through the mail-order pharmacy	25% of the cost of the drug (after deductible)

Catastrophic Coverage - After Your annual true out-of-pocket drug expense (including Your deductible, copayments and coinsurance for Covered Drugs but not including the cost of non-covered or excluded drugs) reaches \$4,350, You will pay either a \$2.40 (covered generics or drugs treated as generics) or \$6.00 (covered brand-name drugs) copayment or 5% coinsurance, whichever is greater. For any month during which You use Your coverage, You will receive an Explanation of Benefits directly from Medco which will track Your covered drug costs.

Medication Therapy Management Programs - These programs are offered at no additional cost for members 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.

Explanation of Benefits - You will receive a monthly 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.

EXCLUSIONS

All applicable exclusions listed in the Member Handbook also apply to the outpatient prescription drug benefits described in this insert. Also, any exclusions or limitations listed in Your 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.

Non-Payment of Monthly Charges

For the coverage described in this insert, Your premium is due on the first of the coverage month, and You will have a 30-day grace period. See Your Evidence of Coverage, provided by Medco, for more information about paying premiums under a Medicare Prescription Drug Plan. Your current Evidence of Coverage Table of Contents will direct You to the appropriate section.

DEFINITIONS

All applicable Definitions listed in the Member Handbook also apply to the Outpatient Prescription Drug benefits described in this insert.

Brand Name Drug

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.

Coverage Determination

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.

Covered Drugs

The general term used to mean all of the prescription drugs covered under this plan.

Evidence of Coverage

The document provided by Medco that, along with this insert, explains Your 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

A list of Covered Drugs provided under this plan.

Generic

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.

Medicare

The Federal health insurance program for people 65 years of age or older, some people under age 65 with disabilities, and people with End-Stage Renal Disease (generally those with permanent kidney failure who need dialysis or a kidney transplant).

Network Pharmacy

A pharmacy at which You can use Your prescription drug benefits due to its contract with Medco.

Eligibility

Eligibility information listed in the Medicare-Coordinating Plans Member Handbook 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 and do not elect a plan that includes prescription drug coverage may not elect prescription drug coverage in the future under the state program. If Medicare-coordinating prescription drug coverage is terminated at any time under the state program by electing a plan that does not include outpatient prescription drug coverage, 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, 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, Washington, D.C., 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.

T20597 (11/08)