Important Notice about Your 2011 Prescription Drug Coverage and Medicare D

If you are currently, or will soon become eligible for Medicare, please read this notice carefully and keep it where you can find it. This notice contains information about prescription drug coverage through the SRNS Medical Plan and the SRR Medical Plan (referred to as the Medical Plan(s)) and Medicare D prescription drug coverage available through Medicare. Medical Plan coverage(s) are available to SRNS and SRR eligible employees and eligible retirees.

1. Medicare D prescription drug coverage first became available in 2006 to everyone eligible for Medicare and it is available each year from November 15 through December 31 thereafter. All Medicare D prescription drug plans will provide at least a standard level of coverage set by Medicare. Some Medicare D prescription drug plans also may offer more coverage for a higher monthly premium.

2. If you are currently, or will soon become eligible for Medicare, read this notice carefully – it can help you decide whether or not you want to enroll in the Medicare D prescription drug coverage.

3. On behalf of the Medical Plans, BlueCross BlueShield of South Carolina has determined that the prescription drug coverage offered through the Medical Plans are, on average for all plan participants, expected to pay out as much as the standard Medicare D prescription drug benefit.

Because the existing Medical Plans coverage are on average at least as good as the standard Medicare D prescription drug coverage, if you choose to keep your Medical Plan coverage for 2012, you will not have to pay extra for Medicare D prescription drug coverage if you later decide to enroll in Medicare D prescription drug coverage.

If you are eligible for and decide to enroll in a Medicare D prescription drug plan and waive your Medical Plan coverage for 2012, be aware that you will not be able to re-enroll in the SRNS Medical Plan or the SRR Medical Plan until the next annual Open Enrollment period, and/or until you have a qualifying life event change as defined by the Plans.

Before making a decision about waiving your Medical Plan coverage and/or enrolling in a Medicare D prescription drug plan, you should compare your current Plan coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare D prescription drug coverage in your area.

The following is a brief outline of the prescription drug coverage available under the SRNS Medical Plan and the SRR Medical Plan coverage options for 2012. Medical Plan coverage pays for other covered medical expenses and integrates, in addition to prescription drugs, overall medical expenses for Deductible, Out-Of-Pocket (OOP) and Annual Benefit Maximums. You will still be eligible to enroll in the Medical Plan if you choose to enroll in a Medicare D prescription drug plan.
SRNS Medical Plan and SRR Medical Plan - Creditable Coverage Notice

<table>
<thead>
<tr>
<th>Medical Plan</th>
<th>Rx Coinsurance Tier1/Tier2/Tier3</th>
<th>Individual Annual Deductible</th>
<th>Individual Annual OOP Max</th>
<th>Annual Benefit Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime</td>
<td>10% / 20% / 30%</td>
<td>$200</td>
<td>$1,000</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>Standard</td>
<td>10% / 20% / 30%</td>
<td>$400</td>
<td>$2,000</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>Basic</td>
<td>20% / 20% / 20%</td>
<td>$1,200</td>
<td>$4,500</td>
<td>$1,250,000</td>
</tr>
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(Note: Tier 1 = Generics, Tier 2 = Preferred Brand, Tier 3 = Non-Preferred Brand)

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15 through December 31. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

However, if you waive or lose your Medical Plan coverage and don’t enroll in Medicare D prescription drug coverage after your SRNS Medical Plan or SRR Medical Plan coverage ends, you may pay more to enroll in Medicare D prescription drug coverage later. If you do not enroll in a Medicare drug plan and have a period of 63 days or longer without creditable prescription drug coverage (plan is as good as Medicare’s D prescription drug coverage) you may have to pay a penalty when you do enroll. The premium will go up at least 1% per month for every month that you did not have coverage. For example, if you go 19 months without prescription drug coverage, your premium will always be at least 19% higher than what most other people pay. You will have to pay these higher Medicare D prescription drug coverage premiums as long as you have Medicare D prescription drug coverage. In addition, you may have to wait until the next November to enroll.

For more information about this notice or your SRNS Medical Plan or SRR Medical Plan prescription drug coverage contact the SRS Benefits Solution Service Center at (803) 725-7772.

NOTE: You may receive this notice at other times in the future, such as before the next period you can enroll in Medicare D prescription drug coverage or if this coverage changes. You also may request an additional copy of your creditable coverage notice if you need one.

For more information about your options under Medicare prescription drug coverage …
More detailed information about Medicare plans that offer prescription drug coverage is available in the Medicare & You handbook. You’ll get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare D prescription drug plans.

For more information about Medicare D prescription drug plans:
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for the telephone number).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available from the Social Security Administration (SSA). For information, visit SSA online at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.