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Dear Valued NetCare Member:

As you know, NetCare Life & Health Insurance Company offers a High Deductible Health Plan (HDHP) referred to as the *SmartChoice Plan*. In order to comply with Federal Law governing Health Savings Account (HSA) and a qualified High Deductible Health Plan, the law requires that all covered benefits must apply to the plan deductible, including prescription drugs in order to contribute to a Health Savings Account.

Currently, the prescription drug expenses have first dollar coverage and do not apply to the plan deductible. However, in order to maintain compliancy with the Federal Law governing qualified High Deductible Health Plans, we will now require that prescription drug expenses including co-payments and co-insurance apply to the plan deductible. **This change will become effective as of June 1, 2009.**

First dollar coverage (no deductible) will continue to be applied for preventive care and annual or screening examinations. You will continue to enjoy first dollar coverage for preventive care services under your medical plan.

We encourage you to retain all receipts for drug expenses as proof that you have satisfied the plan deductible.

Please feel free to contact our customer service department at (671) 472-3610 extension 237 or 205 if you should need further clarification on this matter.

Sincerely,

Jerry Crisostomo, MHP
Plan Administrator