



Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, Tennessee 37902-1401



October 12, 2011

Dear Medicare Supplement Enrollee:

This letter provides information about your 2012 Medicare Supplement plan. Your Medicare Supplement will continue to include medical coverage through BlueCross BlueShield of Tennessee and drug coverage in a Medicare Part D plan administered by Medco. Other Medicare Part D plans will hold open-enrollment periods, but **you do not need to enroll in a Part D plan if you continue coverage in the TVA plan.** In fact, Medicare will not allow you to have two Part D plans.

As you know, in January 2011 changes were made to your Medicare Supplement plan to address increasing prescription-drug costs. Those changes have helped hold down drug costs, and you can continue helping by using generic drugs and by using home-delivery for your maintenance drugs. Medco will send you information about your drug coverage for 2012. Some medications may be covered in different tiers next year, and a change in tier might change the amount you pay for medication. Please read the Medco information carefully.

While there are no changes being made to the medical portion of your Medicare Supplement plan for next year, it should be noted that we are seeing an increase in medical claim costs. The Supplement will continue to pay the hospital deductible under Medicare, 20-percent of Medicare-approved charges for eligible Part B services, as well as other services covered in part by Medicare.

The current Medicare Supplement premium is \$290 per month, and **your 2012 premium will be \$295 per month** beginning with the premium for January 2012. This total premium does not reflect any pension supplement or contribution you receive to help with the cost of medical coverage. If you receive such help, you may pay a lesser amount. If you pay for your coverage through deduction from your pension, the January 2012 premium will be deducted from the pension benefit you receive at the end of December 2011.

A reminder if your payment for medical coverage is deducted from your monthly retirement check: Should the amount of your monthly retirement benefit change at any time such that it will not cover the amount of your medical premium, you will need to change your method of payment to automatic bank-drafting. TVA will review records in early 2012 and will notify you if it appears that your premium can no longer be deducted from your monthly pension.

We know your Medicare Supplement plan is important to you and encourage you to stay informed about your plan by reading material you receive, along with the information available through the TVA Retirees Association and on www.tva.com. You may call the TVA Service Center at 888-275-8094 if you have general questions about your Medicare Supplement. For information about coverage for specific drugs, please call Medco Customer Service at 800-592-4520 (800-716-3231 TTY).

Sincerely,

Kelly R. Lawson
Manager, Employee Benefits