

Keystone 65 2008 Rate Renewal  
Non Creditable Coverage

Date

Group/Union Name  
Group Administrator  
Address  
City, State Zip

Important information regarding  
Keystone 65 Medicare Advantage premium rates  
— **Effective January 2008**—

Dear Group Administrator:

I am writing to provide you with information about your 2008 Medicare Advantage renewal rates and to remind you that you must tell your Medicare beneficiaries about their non-creditable coverage. I am also enclosing information about other plan options you may wish to consider to ensure that your coverage meets your group's needs.

**ABOUT YOUR RENEWAL RATE**

Enclosed you will find the renewal rates for your current Medicare Advantage benefits plan, effective January 1, 2008.

As your health care insurer, we understand the importance of Medicare coverage to your members, and are committed to providing you with the best health care coverage for the lowest possible cost. We understand the impact on our customers of any rate increase, but an adjustment to your current rate is required. As you know, health care costs have continued to increase and our Medicare members' use of health care services has steadily risen. However, the federal government has not kept pace with funding to cover these rising costs.

We realize that you have other options and we appreciate your selecting Independence Blue Cross as your health insurance company. To ensure that your coverage for 2008 meets your needs, we have enclosed alternate coverages for your consideration.

If you wish to keep your current coverage, you do not need to take any further action. If you decide to change to a different plan, please let us know by **Friday, October 5**. This will allow us to provide your members with accurate benefit information and comply with the October 31 deadline for notifying members as set by the Centers for Medicare & Medicaid Services (CMS).

**REQUIREMENTS ABOUT NON-CREDITABLE COVERAGE**

Please be aware that your current prescription drug benefit is considered "not creditable" coverage

For your convenience, we have enclosed a sample CMS model letter for both Non-Creditable Coverage and Creditable Coverage that you can use to notify your Medicare beneficiaries about their creditable status. This disclosure notice does not need to be sent as a separate mailing. CMS's deadline to notify your Medicare beneficiaries is November 14, 2007. For further

Keystone 65 2008 Rate Renewal  
Non Creditable Coverage

information on creditable coverage and the Disclosure Notice, visit the CMS website at <http://www.cms.hhs.gov/creditablecoverage>.

**COVERAGE OPTIONS FOR 2008**

---

For 2008, the enclosed change forms list several alternative plans at different price points for you to consider:

- **Lower cost options.** The enclosed Plan Change Form gives you an overview of popular, low-cost Keystone 65 medical plans with Part D benefits.
- **Enhanced coverage options.** The enclosed Plan Change Forms provide an overview of enhanced Keystone 65 medical plans and various Part D drug options.
- **Medicare Advantage (MA) private fee-for-service plans.** Independence Blue Cross is pleased to introduce a progressive new plan for your members, Select Advantage. This private fee-for-service plan gives your members the freedom of no provider network, no referrals and no prior authorization requirements. Providers must accept Medicare and agree to our terms and conditions.

You may wish to consider Part D prescription plans for many reasons including:

- **Controlling costs.** Part D plans cost less than other types of prescription coverage because CMS subsidizes part of the costs. This gives you, the plan sponsor, the opportunity to control costs and minimize the impact of future rate increases.
- **Minimizing the late penalty beneficiaries.** Medicare Beneficiaries who are not covered under creditable prescription drug coverage, and who do not enroll in a Part D drug plan before the end of their initial enrollment period, may pay a higher premium on a permanent basis when they subsequently enroll in the Part D drug program. The premium is increased by 1 percent for each month the beneficiary was without creditable coverage.

Please note that the approval of these rates by CMS is pending. If there are any changes to these premium rates upon CMS's approval, we will contact you about the change. We do not expect any changes.

**NEXT STEPS**

---

You have two options concerning what to do next:

- **Keep your current coverage.** If we do not receive your renewal rate sheet, we will assume that you would wish to keep your current coverage. In that case, you need not take any further action. However, to expedite your members' benefit notification, please sign the enclosed monthly premium renewal rate sheet and return it to us by fax at 215-761-0335. Again, if we do not receive a signed rate renewal sheet we will assume that you would like to keep your current coverage.
- **Choose a different plan.** If you would like to select a new plan for 2008, please return the appropriate change form by **October 5, 2007**.

Keystone 65 2008 Rate Renewal  
Non Creditable Coverage

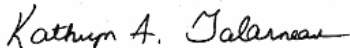
**Remember: It's important for you to respond by October 5 to allow us time to give your members accurate benefit information and to comply with CMS's October 31 member notification deadline.**

As I am sure you understand, this letter is not intended to provide legal or tax advice. You may wish to consult with your attorney or tax adviser to determine how the statutes and regulations regarding Medicare Part D affect you and your group members.

Please call your broker, Independence Blue Cross Account Executive or Medicare telemarketing at 1-877-393-6731 (TTY/TDD: 1-888-219-5457) if you have any questions about the options available for 2008, about the procedure for changing benefits, or to request information about our other Medicare programs.

We are committed to providing high-quality products with best-in-class service. We hope our 2008 products meet your needs. We value your business and look forward to continuing to serve you.

Sincerely,



Kathryn A. Galarneau, FSA, MAAA  
Senior Vice President  
Actuarial & Underwriting

Enclosures

Account Executive \_\_\_\_\_ (Date) \_\_\_\_\_