

We have exciting information we would like to share with you regarding new Blue Cross and Blue Shield of Florida options that are now available to you to offer to your Medicare retirees and their Medicare-eligible dependents. These new options can help you save money and help manage the rising health care costs for retiree coverage that affect your organization's bottom line. With our new, affordable coverage solutions available to Medicare-eligible retirees and dependents, you are certain to find something that fits your needs and those of your retirees.

These group retiree solutions offer a variety of choice, flexibility and affordability. So when it's time to make decisions about the health care choices you want to offer your retirees, consider these smart new alternatives:

- **BlueMedicareSM Group PPO*** with Rx coverage — A Medicare Advantage PPO plan available to Florida employer groups with Medicare-eligible retirees nationwide.
- **BlueMedicareSM Group HMO*** with Rx coverage — A Medicare Advantage HMO plan available to Florida employer groups with Medicare-eligible retirees in the following counties: Dade, Broward, Palm Beach, Polk, Hillsborough and Pinellas.
- **BlueMedicareSM Group Private-Fee-For-Service (PFFS)*** with Rx coverage — A Medicare Advantage PFFS plan available to Florida employer groups with Medicare-eligible retirees nationwide.
- **BlueMedicareSM Group Rx**** drug benefit — A Medicare Part D prescription drug plan available to Florida employer groups with Medicare-eligible retirees nationwide. If you are currently filing for the Retiree Drug Subsidy (RDS) and are tired of the associated administration burdens, BlueMedicare Group Rx is the perfect solution.
- **BlueMedicareSM Group Medicare Supplement** — Medicare Supplement plans (A, B and F) available to Florida employer groups with Medicare-eligible retirees statewide.

BlueMedicare's goal is to make affordable and accessible health and prescription drug coverage available to retired Floridians. Our plans may present the perfect solution for employers who:

- ☞ Are looking for an alternative to self-insured retiree health and/or prescription drug coverage;
- ☞ Are facing economic pressure, forcing a reconfiguration of an existing benefit program;
- ☞ Are seeking the flexibility of defined-benefit, Medicare-subsidized benefit options;
- ☞ Are concerned about GASB 43/45; or
- ☞ Are seeking coverage with no employer contribution required.

We look forward to serving the needs of your retirees.

Sincerely



Gregg Kunemund
Group Retiree Product Manager

Beginning January 1, 2010, the benefits for BlueMedicare Group PPO Plan 1 with Rx Option 1 will be changing. Below is a table highlighting the key benefit changes for 2010.

	2009	2010
Benefit Changes		
Out-of-Pocket Maximum	\$1,000 all health plan services when received in/out of network	\$1,500 all health plan services when received in/out of network
Inpatient Mental Health Care (Out-of-Network)	50% of the cost after the calendar year deductible	20% of the cost after the calendar year deductible
Part B drugs (including Chemotherapy)	No Charge for drug in network (Office visit co-pay may apply) CYD & 20% out of network	In Network 20% coinsurance for drug Office visit or facility copay may apply Out-of-Network CYD & 20%
Physician Specialist Visits	\$25 in network CYD & 20% out of network	\$30 in network CYD & 20% out of network
Inpatient Care	<u>In-Network:</u> \$100 days 1-5 <u>Out-of-Network:</u> 20% of the cost after the calendar year deductible	<u>In-Network:</u> \$150 days 1-7 <u>Out-of-Network:</u> 20% of the cost after the calendar year deductible

Changes to Part D Prescription Drug Benefits		
Retail Pharmacy and Long-Term Care Pharmacy (31-day supply limit on drugs from a Long-Term Care Pharmacy.)	<u>Tier 4 – Specialty</u> - \$60 copay for a one-month (31-day) supply - \$120 copay for a three-month (60-day) supply - \$180 copay for a 90-day supply	<u>Tier S – Covered Specialty Drugs</u> - \$25% copay for a one-month (31-day) supply - \$25% copay for a three-month (90-day) supply - \$25% copay for a 60-day supply
Mail-Order Pharmacy	<u>Tier 4 – Specialty</u> - \$120 copay for a three-month (90-day) supply	<u>Tier S – Covered Specialty Drugs</u> - \$25% copay for a three month (90-day) supply

FCCRMC

2010 BlueMedicare Group PPO* Health Benefits

Benefits	BlueMedicare Group PPO* Plan 1
Premium (Includes Rx)	\$254.38
Deductible	\$100 (out-of-network)
Out-of Pocket Maximum	\$1,500 all health plan services when received in/out of network
Physician Office	
Primary Care (per visit)	In Network \$10 copay Out-of-Network CYD & 20%
Specialist Care (per visit)	In Network \$30 copay Out-of-Network CYD & 20%
e-visit	In Network \$5 copay Out-of-Network CYD & 20%
Convenient Care Center	In/Out-of-Network \$30 copay
Podiatry Services (per visit) (Routine foot care up to 6 visits per year)	In Network \$30 copay Out-of-Network CYD & 20%
Chiropractic Services (per visit) For each Medicare covered visit (manual manipulation of the spine to correct subluxation)	In Network \$30 copay Out-of-Network CYD & 20%
Outpatient Mental Health Care (per visit) For individual or group therapy	In Network \$30 copay Out-of-Network CYD & 20%
Outpatient Substance Abuse Care (per visit)	In Network \$30 copay Out-of-Network CYD & 20%
Part B drugs (including Chemotherapy)	In Network 20% coinsurance for drug Office visit or facility copay may apply Out-of-Network CYD & 20% Office visit or facility charges may apply
Allergy Injections	In Network \$5 copay Out-of-Network CYD & 20%
Other Services	
Outpatient Surgery	In Network <ul style="list-style-type: none"> • \$150 copay for each outpatient hospital facility visit • \$100 copay for each visit to an ambulatory surgical center • \$0 copay for Physician Services Out-of-Network CYD & 20%
Diagnostic Tests, X-Rays Office	In Network \$0 copay Office visit copay may apply

Benefits	BlueMedicare Group PPO* Plan 1												
<p>IDTF</p> <p>Lab Services</p> <p>Advanced Imaging (MRI, MRA, Cat Scan, Pet Scan & Nuclear Med Office IDTF Outpatient Hospital</p>	<p>Out-of-Network CYD & 20%</p> <p>In Network \$0 copay Out-of-Network CYD & 20%</p> <p>In Network \$0 copay Office visit or facility copay may apply Out-of-Network CYD & 20%</p> <p>In Network \$75 copay Out-of-Network CYD & 20% In Network \$75 copay Out-of-Network CYD & 20% In Network \$150 copay Out-of-Network CYD& 20%</p>												
<p>Outpatient Hospital Services (per visit):</p> <ul style="list-style-type: none"> • Occupational Therapy, Physical Therapy, Speech & Language Therapy and Cardiac Rehab • Radiation and Chemo Therapy • Dialysis • Lab only • All other Diagnostic Tests, X-Rays Advanced Imaging, etc. 	<table border="0" style="width: 100%; text-align: center;"> <thead> <tr> <th style="width: 50%;">In Network</th> <th style="width: 50%;">Out-of-Network</th> </tr> </thead> <tbody> <tr> <td>\$30</td> <td>CYD & 20%</td> </tr> <tr> <td>\$50</td> <td>CYD & 20%</td> </tr> <tr> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>\$15</td> <td>CYD & 20%</td> </tr> <tr> <td>\$150</td> <td>CYD & 20%</td> </tr> </tbody> </table>	In Network	Out-of-Network	\$30	CYD & 20%	\$50	CYD & 20%	\$0	\$0	\$15	CYD & 20%	\$150	CYD & 20%
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\$30	CYD & 20%												
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\$150	CYD & 20%												
<p>Urgently Needed Care (This is not emergency care, and in most cases is out of the service area.)</p>	<p>In Network or Out-of-Network \$30 copay</p>												
<p>Emergency Services</p>	<p>In Network or Out-of-Network \$50 copay Worldwide coverage</p>												
<p>Dental - Medicare approved (No Preventive)</p>	<p>In Network \$30 copay Out-of-Network CYD & 20%</p>												
<p>Home Health</p>	<p>In Network \$0 copay Out-of-Network CYD & 20%</p>												
<p>Ambulance</p>	<p>\$100 copay for Medicare covered ambulance services \$500 air travel</p>												
<p>Outpatient Medical Services and Supplies</p>													
<p>Durable Medical Equipment</p> <ul style="list-style-type: none"> • Electric customized wheelchairs, electric scooters • All other Medicare-covered items 	<p>In Network \$500 copay</p> <p>In Network \$0 copay</p> <p>Out-of-Network CYD & 20%</p>												
<p>Prosthetic Devices</p>	<p>In Network \$0 copay for Medicare covered items] Out-of-Network CYD & 20%</p>												

Benefits	BlueMedicare Group PPO* Plan 1
Outpatient Rehabilitation - Office or Free Standing Facility Services: <ul style="list-style-type: none"> • Occupational Therapy • Physical Therapy • Speech and Language Therapy • Cardiac Rehab 	In Network \$30 copay for each visit Out-of-Network CYD & 20%
Outpatient Rehabilitation – Outpatient Hospital Services: <ul style="list-style-type: none"> • Occupational Therapy • Physical Therapy • Speech and Language Therapy • Cardiac Rehab 	In Network \$30 copay for each visit Out-of-Network CYD & 20%
Renal Dialysis	In/Out-of-Network \$0 copay
Inpatient Care	
Inpatient Hospital Care (includes Substance Abuse and Rehabilitation Services)	In Network \$150 copay each day for day(s) 1-7 per benefit period for a Medicare-covered stay in a network hospital After the 7 th day, the plan pays 100% of covered expenses per benefit period. Out-of-Network CYD & 20%
Inpatient Mental Health Care (may also include Substance Abuse and Rehabilitation Services)	In Network \$150 copay each day for day(s) 1-7 per benefit period for a Medicare-covered stay in a network psychiatric hospital After the 7 th day, the plan pays 100% of covered expenses per benefit period. 190-day lifetime limit in a psychiatric hospital Out-of-Network CYD & 20%
Skilled Nursing Facility (in a Medicare-certified skilled nursing facility)	In Network \$0 each day for days 1-20 \$75 each day for days 21-100 per benefit period There is a limit of 100 days for each benefit period 3-day prior hospital stay is not required Out-of-Network CYD & 20%
Hospice	Must receive care from a Medicare-certified hospice
Preventive Services	
Annual Screening Mammograms (for women with Medicare age 40 and older)	In Network: <ul style="list-style-type: none"> • \$0 for Medicare-covered Screening Mammogram • \$0 for each additional screening Out-of-Network CYD & 20%

Benefits	BlueMedicare Group PPO* Plan 1
Pap Smears and Pelvic Exams (for women with Medicare)	In Network: <ul style="list-style-type: none"> • \$0 per Pap smear • \$0 per pelvic exam • \$0 for each additional screening Office visit copay may apply Out-of-Network CYD & 20%
Bone Mass Measurement (for people with Medicare who are at risk)	In Network: \$0 for each Medicare-covered Bone Mass Measurement Office visit or facility copay may apply Out-of-Network CYD & 20%
Colorectal Screening Exams (for people with Medicare age 50 and older)	In Network: <ul style="list-style-type: none"> • \$0 for Medicare-covered Colorectal screening exam • \$0 for each additional screening Office visit or facility copay may apply Out-of-Network CYD & 20%
Prostate Cancer Screening Exams (for men with Medicare age 50 and older)	In Network: <ul style="list-style-type: none"> • \$0 for Medicare-covered Prostate Cancer Screening exams • \$0 for each additional screening Office visit copay may apply Out-of-Network CYD & 20%

* BlueMedicare Group PPO out-of-pocket maximum includes all covered health services member cost share rendered in/out of network on a calendar year basis.

* Deductible for out-of-network services is not applied towards the out-of-pocket maximum. Part D costs are not applied to out-of-pocket maximum.

Medicare Part B - the premium provided under this plan excludes the Medicare Part B premium payments. (Members must continue to pay the Medicare Part B premium unless paid by Medicaid or another third party.)

BlueMedicare Group PPO is a Medicare Advantage contract approved by the Centers for Medicare & Medicaid Services. BCBSF contracts with the federal government to administer BlueMedicare Rx, the Medicare Part D Prescription Drug benefit, in the state of Florida. This contract is renewed annually, and availability beyond the end of the current contract year is not guaranteed.

2010 BlueMedicare Group Rx*

Benefits	BlueMedicare Group Rx* Option 1
Deductible	0
Tier 1 - Covered Generics	\$5.00
Tier 2 - Covered Preferred Brand	\$30.00
Tier 3 – Covered Non Preferred Brand	\$60.00
Tier S - Covered Specialty Drugs	\$25%
Mail Order	2x normal copay for a 90 day supply
Formulary Type	[Added coverage for selected CMS excluded drugs. Generic & multi-source brand prescription drugs will be covered for the following categories:] <ul style="list-style-type: none"> • [Cough] • [Cold] • [Barbiturates] • [Benzodiazepines]
Tier 1 - Covered Generics	\$5.00
Tier 2 - Covered Preferred Brand	\$30.00
Tier 3 – Covered Non Preferred Brand	\$60.00
Tier S - Covered Specialty Drugs	\$25%
Catastrophic	Standard \$2.50/\$6.30/5%

- Prescription drug copays do not accumulate towards the health plan calendar year maximum out-of-pocket.
- Specialty, brand and generic drugs covered thru the coverage gap

Part D Creditable Coverage – The enrolling member may incur late enrollment penalties as defined and set by CMS in accordance with Part D guidelines if prior creditable coverage cannot be proven.

Blue Cross and Blue Shield of Florida contracts with the federal government to administer BlueMedicare Rx, the Medicare Part D Prescription Drug benefit, in the state of Florida. This contract is renewed annually, and availability beyond the end of the current contract year is not guaranteed.

Financial Conditions for BlueMedicare Group Products

- ☞ **Effective Date** – The rates and benefit plan designs provided in this proposal will be effective from the start of your plan year until the next open enrollment period.

- ☞ Rates – All rates are calculated based on a per-member per-month (PMPM) basis.
- ☞ Rate and Benefit Approval – Filed benefits (including copayment amounts), value-added services and premiums are subject to CMS and state approval(s), where applicable. All Medicare Advantage and PDP plans, benefits and service areas are subject to change on your next enrollment period.
- ☞ Plan Eligibility – The rates provided are applicable to Medicare-eligible retirees and their Medicare-eligible dependents who enroll in BlueMedicare Group Medicare Advantage Health and Medicare Prescription Drug Plans.
- ☞ Part D Creditable Coverage – The enrolling member may incur late-enrollment penalties as defined and set by CMS in accordance with Part D guidelines if prior creditable coverage cannot be proven. This may cause a slight increase in a member's premium.
- ☞ Rates may be lower than quoted for those retirees who meet the Low-Income Subsidy guidelines. If your retirees think they may qualify, they can call Social Security at 1-800-772-1213, visit www.socialsecurity.gov on the web or apply at the State Medical Assistance (Medicaid) office. TTY users should call 1-800-325-0778. The group's monthly bill will reflect retirees' reduced premiums and the group must pass this saving on to retirees.
- ☞ Medicare Part B – The premium provided in this proposal excludes the Medicare Part B premium required of Medicare-eligible members in order for them to be eligible for the BlueMedicare Group products.
- ☞ BlueMedicare Group products replace commercial health/Rx, individual Medicare coverage, Medicare Supplements or any other health/Rx coverage under the employer's group plan.

Plan Design and Benefits

This material is for informational purposes only. See plan documents for a complete description of benefits, limitations and conditions of coverage.

For BlueMedicare Group Rx, retirees must be entitled to Medicare Part A and/or enrolled in Medicare Part B and continue to pay the Part B premium (and the Part A premium, if applicable). For BlueMedicare Group HMO, PPO, PFFS and Medicare Supplement plans, retirees must be entitled to Medicare Part A and enrolled in Medicare Part B and continue to pay the Part B premium (as well as the Part A premium, if applicable). Members may receive covered health services from any licensed doctor or hospital that is eligible to receive payment from Medicare, though benefits will normally be greater when services are received from network providers.

Medicare and Prescription Plan Implementation

Once we receive a roster of eligible retirees and dependents, we will provide the following services at no additional cost:

- ☞ Assist employers in preparing communications to retirees
- ☞ Prepare group-specific, individualized enrollment materials
- ☞ Maintain toll-free lines to answer questions and assist in the enrollment process
- ☞ Offer experienced Medicare-dedicated staff members to assist with the enrollment process and provide complete member welcome packages
- ☞ Make follow-up phone calls to all eligible retirees who enroll to make certain they understand the changes in their benefits
- ☞ Provide a dedicated Medicare member service department with a toll-free number

Eligibility Requirements

- ☞ Eligible retirees and dependents must be entitled to Medicare Part A and enrolled in Medicare Part B (for BlueMedicare Rx plans, members must be entitled to Medicare Part A and/or enrolled in Part B). If a retiree failed to enroll in Medicare Part B he/she must contact the Social Security Administration for assistance in enrolling in Medicare Part B. The phone number is 1-800-772-1213.
- ☞ Plan members must be a retiree or a dependent of a retiree of your group.
- ☞ Plan members must permanently reside in the plan service area.
- ☞ Eligible retirees and dependents may enroll during the group's Annual Open Enrollment Period. Retirees and their dependents may also enroll if they meet the requirements for a Medicare Special Election Period, such as becoming eligible for Medicare due to age.
- ☞ If the retiree or his/her dependent is not eligible for Medicare he/she will need to enroll in the non-Medicare group product (split enrollment)
- ☞ Retirees and dependents may disenroll during the group's next Annual Open Enrollment Period. Note: If the group allows changes prior to the next open enrollment period, retirees may disenroll from BlueMedicare with the group's approval.
- ☞ Retirees and dependents may also disenroll from BlueMedicare during the Medicare Annual Election Period (from November 15 through December 31 each year)..
- ☞ If a retiree or dependent permanently moves out of the plan service area he/she will need to disenroll from BlueMedicare.

Group Annual Open Enrollment Period

Eligible retirees and/or eligible dependents who did not apply for coverage during the Initial Enrollment Period or a Special Enrollment Period may apply for coverage during a Group Annual Open Enrollment Period. The eligible retiree may enroll by completing an Enrollment Form during the Group Annual Open Enrollment Period.

The effective date of coverage for an eligible retiree and any eligible dependent(s) will be the first billing date following the Group Annual Open Enrollment Period.

Eligible retirees who do not enroll or change their coverage selection during the Group Annual Open Enrollment Period must wait until the next Group Annual Open Enrollment Period, unless

the eligible retiree or the eligible dependent is enrolled due to a special circumstance (e.g., marriage, etc).

Employee Enrollment

1. An individual who becomes an eligible retiree after the group's effective date (for example, a retired employee becomes entitled to Medicare Part A and/or enrolled in Medicare part B) must enroll during the Initial Enrollment Period. The effective date of coverage for such individual will begin on the date specified on the group application.
2. Retirees not eligible for Part B may enroll in Part B during the Part B annual election period 1/1/-3/31 of each year. They may be subject to a late-enrollment Part B penalty. These retirees will be asked to contact Social Security for clarification.
3. In general, there are only certain times during the year when BlueMedicare Group members may disenroll from BlueMedicare Group plans. The Medicare program also has limits on how often you may make a change to your Medicare coverage and what types of changes you are allowed to make, as described below:
 - The Group Annual Open Enrollment Period, during which you may enroll in our group plan or make changes in your group coverage.
 - If you choose to cancel your membership in a BlueMedicare Group plan, you will normally have to wait until your next Group Annual Open Enrollment Period to re-enroll. From November 15 through December 31, during the Annual Coordinated Election Period (AEP), you may disenroll from BlueMedicare Group plans and choose another health plan or return to Original Medicare. Your change will take effect on January 1.

Enrollment Process

- Once a roster file is provided by the employer, individualized enrollment kits are mailed to each retiree household and or mailed to the group. The enrollment kit includes a guide to plan benefits.
- Retirees are instructed to complete the enrollment application form included in their kit and return it to the group.
- Each accepted new member receives a welcome package after his/her completed application is received at our processing center. The welcome package for the BlueMedicare Group plan includes an ID card, Evidence of Coverage, Directory and other important information concerning their enrollment in the plan.
- ID Cards are normally sent out 5 days prior to the member's effective date. The effective date is always the 1st of the month.
- Family members not eligible for Medicare must select a commercial product. For example, if a retiree's spouse - but not the retiree - is eligible for Medicare, the family may have "split enrollment." In other words, the non-Medicare-eligible retiree may elect the commercial plan and the Medicare-eligible spouse may elect the BlueMedicare Group plan.
- BlueMedicare members have a different group number and division than commercial members.
- The group will receive a separate premium statement/billing for individuals enrolled in the BlueMedicare Group plan(s). Bills are sent to the group or, by special request, can be billed to a TPA. We are seeking a future method to bill retirees directly.
- Governmental entities may be subject to Florida Statute 112.0801, which requires that retired employees and their eligible dependents be offered the same health coverage options that are offered to active employees. While retirees who are

eligible for Medicare may be offered a separate plan and the plan may be experience-rated separately from the active-employee group plan, this coverage must be basically the same as the coverage offered to active employees. Also, if active employees are permitted to change plan options annually, Medicare-eligible retirees must also be offered that option.

Thank you very much for your continued interest in Blue Cross and Blue Shield of Florida.

I accept the attached rate renewal, effective January 1, 2010, on behalf of

_____.

SIGNATURE _____ TITLE _____