



October 17, 2005

Dear HNE Member:

Starting January 1, 2006, everyone with Medicare can get Medicare prescription drug coverage. This program also has been called Medicare Part D. We have attached a notice about this new program, and what it means for you and your HNE coverage. This notice is based on one that the Center for Medicare and Medicaid Services (CMS), wrote for health plans to use. CMS is the federal agency that administers Medicare. In addition, CMS will be sending you the "Medicare and You" pamphlet which may help to explain your choices.

At HNE, we know that this kind of information can be confusing. To help you understand this better, here are some things to think about as you review the attached notice:

- Your HNE coverage is "creditable." That means that if you are satisfied with your HNE coverage, you can delay your decision about Medicare Part D. Remember, though, that you should be prepared to decide about Medicare Part D if your HNE (or other) creditable coverage ends.
- Your prescription drug coverage and your medical coverage through HNE are tied together. If you have prescription drug coverage through HNE, you cannot cancel it without canceling all of your medical coverage. If you cancel your HNE coverage, you should be sure that your medical coverage needs will be met.
- It is up to you to decide whether to enroll in Medicare Part D. Your decision will not affect your HNE coverage.

If you have any questions, please feel free to call Member Services at 413-787-4004 or 800-310-2835. Our staff is available Monday through Friday, 8:00 a.m. to 5:00 p.m.

We will be happy to help you.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph O'Hare", written over a horizontal line.

Joseph O'Hare
Manager, Member Services and Enrollment

Important Notice for HNE Members with Medicare

Important Notice from Health New England About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Health New England (HNE) and new prescription drug coverage available January 1, 2006 for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

- 1. Starting January 1, 2006, new Medicare prescription drug coverage will be available to everyone with Medicare.**
- 2. HNE has determined that the prescription drug coverage offered under your Plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.**
- 3. Read this notice carefully - it explains the options you have under Medicare prescription drug coverage, and can help you decide whether or not you want to enroll.**

You may have heard about Medicare's new prescription drug coverage, and wondered how it would affect you. HNE has determined that your prescription drug coverage with HNE is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.

Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare coverage.

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2005 through May 15, 2006. However, because you have existing prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later. Each year after that, you will have the opportunity to enroll in a Medicare prescription drug plan between November 15th through December 31st.

If you do decide to enroll in a Medicare prescription drug plan and drop your HNE prescription drug coverage, be aware that you may not be able to get this coverage back.

If you drop your coverage with HNE and enroll in a Medicare prescription drug plan, you may not be able to get this coverage back later. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

HNE covers most prescription drugs and a small number of non-prescription drugs and medical supplies that are *medically necessary* for preventive care or treating illness, injury, or pregnancy.

In addition, your current coverage pays for other health expenses, in addition to prescription drugs, and as long as you continue to meet HNE's member eligibility requirements, you will still be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan.

You should also know that if you drop or lose your coverage with HNE and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If, after May 15, 2006, you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage; your monthly premium will go up at least 1% per month for every month after May 15, 2006 that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until next November to enroll.

For more information about this notice or your current HNE prescription drug coverage...

Contact HNE Member Services at 413-787-4004 or 800-310-2835 for further information. NOTE: You may receive this notice at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage changes. You also may request a copy.

For more information about your options under Medicare prescription drug coverage...

More detailed information about Medicare plans that offer prescription drug coverage will be available in October 2005 in the "Medicare & You 2006" handbook. You'll get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov for personalized help,
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their 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. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 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 after May 15, 2006, you may need to give a copy of this notice when you join to show that you are not required to pay a higher premium amount.

Date: October 15, 2005

Name of Sender: Health New England, Inc. (HNE)

Contact: HNE Member Services

Address: 1 Monarch Place, Ste. 1500; Springfield, MA 01144-1500

Phone Number: 413-787-4004 or 800-310-2835