



December 29, 2005

Producer News

New HSA Plan Changes Mean Good News for Members and Greater Sales Potential for You!

Recently, the Treasury Department and IRS have issued new guidance regarding HSAs (Health Savings Accounts) and HSA-compatible high deductible health insurance plans for 2006. Because these plans represent some of our most exciting and innovative products, we want you to know about these latest changes in federal regulations and their positive impact on our BlueEdgeSM Individual HSA products:

- **The minimum deductible for HSA-compatible plans has been increased from \$1,000 (individual)/\$2,000 (family) to \$1,050 (individual)/\$2,100 (family).**

In compliance with this new regulation, Blue Cross and Blue Shield of Illinois will no longer offer a \$1,000 deductible for individuals or a \$2,000 deductible for families. However, we plan to offer a \$1,050 individual deductible and a \$2,100 family deductible in the near future. All existing \$1,000 deductible HSA members will automatically be converted to the \$1,050 deductible, enabling their existing policies to remain compliant.

And don't forget: right now we still offer a wide choice of deductibles: three for individuals (\$1,750, \$2,600, and \$5,000) and three for families (\$3,500, \$5,200 and \$10,000)!

- **Maximum out-of-pocket amounts for HSA-compatible plans have been increased to \$5,250 for individuals and \$10,500 for families.**

We are happy to report that for our BlueEdge Individual HSA plans, we are holding our out-of-pocket maximums to the same levels they were in 2005, the annual deductible plus: \$3,000 for individuals, or \$6,000 for families. Also, we've capped the annual deductible for our BlueEdge HSA 5000 plan at \$5,000.

We are confident that your customers will continue to find our BlueEdge HSA-compatible individual plans a smart choice — just as we believe you will find them to be an important and exciting way to grow your business.

We also want you to be aware that the federal government has changed the new maximum annual contributions and catch-up contributions for HSAs. For more detailed information on the new HSA regulations, visit the U.S. Treasury website at www.treas.gov/offices/public-affairs/hsa/.

**BlueEdge HSA Plan Members Will Enjoy Immediate Processing of
Prescription Drug Claims — and No Wait for Reimbursements**

Claims will be processed immediately at the time that members purchase their medication.

BlueEdge HSA members will soon receive a mailing that includes a new ID card (the old one should be discarded) and informs them of greater convenience when using the prescription drug benefit of their HSA-compatible coverage.

Effective January 1, 2006, their drug benefit that uses the BlueSCRIPTSM electronic claims service will move to a fully integrated prescription drug process along with their medical benefits. With this new enhanced claims process, they will no longer need to wait for reimbursement! The new BlueSCRIPT service will allow pharmacies to submit their claims directly to Blue Cross and Blue Shield.

Keep in mind that since the claim is processed immediately, members will no longer receive an Explanation of Benefits (EOB). By using Blue Access[®] for Members (BAM), they can now view prescription drug claims history with a few simple keystrokes!

Medicare Supplement Materials with Year End Changes are Now Available

Please be aware that the Medicare Supplement application, outline of coverage and notice of replacement have changed for 2006. Please be sure to discard the obsolete versions. You may download or order the new materials, including salespacks and mailers, from the website at www.bcbsil.com/dmagents.

Boost Your Sales with Medicare Supplement Plans K and L!

Effective immediately, Medicare Supplement Plans K and L are available for January 2006 effective dates, and represent a great way to increase your sales. Promote these plans to price-sensitive consumers who are willing to trade benefits for price. Another important segment of the target market includes uninsured prospects who can't afford other, more comprehensive plans.

Good luck and good selling!

To learn more about these plans, refer to our salespack on the web site, www.bcbsil.com/dmagents. All the materials you need for selling, including applications, outlines and salespacks are now available. Order them today!

For more information on any of the topics covered in this fax, contact your Marketing Consultant or General Agent.