

## Agent Announcement of Annual Member Mailing

### 2011 Medicare Deductible and Coinsurance Increases

Each year the federal government reviews the Medicare program and revises the deductibles for Part A and B, and the inpatient and skilled nursing facility coinsurance amounts. These changes were announced by CMS November 14 and are:

Deductible/Coinsurance	2010	2011	Increase	% Chg
Medicare Part A deductible	\$1,100	\$1,132	\$32	2.9%
Inpatient Coinsurance (per day) Days 61-90	\$275	\$283	\$8	2.9%
Inpatient Coinsurance (per day) Days 91-150	\$550	\$566	\$16	2.9%
Skilled Nursing Facility (per day) Days 21-100	\$137.50	\$141.50	\$4	2.9%
Medicare Part B deductible	\$155	\$162	\$7	4.5%

Regence will be mailing this information in a letter to our Medigap members within the November 22-30 timeframe. We have given notice to our Customer Service group in preparation for this mailing, however, there still may be longer than normal hold times as members receive this information.

The increase in 2011 for Part A deductible and the coinsurance for hospital and SNF is 2.9%, compared to 4.3% for 2010. Although the Part B deductible was increased 4.5% for 2011 from 2010, it was not increased in 2010. These modest increases will be reflected in the 2011 premiums. There are no changes in benefit design for Medigap plans.

Letters vary slightly depending of the members' plans. If you have any questions, please contact your Individual Sales Executive at 801-333-5555 or member services at (888) 319-4181. Note that these letters will include the Customer Service telephone number appropriate for the members' plan.

November, 2010

Dear Member:

This letter is in regards to your Medicare Supplement (Medigap) policy. Each year, the Centers for Medicare & Medicaid Services (CMS) evaluate Medicare's cost-sharing amounts and make necessary adjustments. The changes to your Medicare deductibles and coinsurance listed below will be effective January 1, 2011. These changes **do not** have a rate change associated with them at this time. The costs associated with your policy will be reviewed to determine if a future rate adjustment is needed. If a rate adjustment is required, approval from the state insurance department will be requested, and you will be notified at least 30 days in advance of any approved rate change.

	<b>2010</b>	<b>2011</b>
Medicare Part A deductible	\$1,100	\$1,132
Inpatient Coinsurance (per day) Days 61 – 90	\$275	\$283
Inpatient Coinsurance (per day) Days 91 – 150	\$550	\$566
Skilled Nursing Facility (per day) Days 21 - 100	\$137.50	\$141.50
Medicare Part B deductible	\$155	\$162

Please take a moment to review the following changes to your Regence Medigap benefits:

**January 1, 2011 Benefit Changes To Your Regence Medigap Policy**

- If you have Medigap Plan C or F, Regence will now pay the new Part A deductible amount of \$1,132 for the first 60 days of inpatient hospital services. Plan K pays 50% of the Part A deductible. Plan A does not cover it.
- Regence will now pay the new daily Inpatient Coinsurance amount of \$283 for the 61<sup>st</sup>-90<sup>th</sup> days of hospitalization in a benefit period.
- Regence will now pay the new daily Inpatient Coinsurance amount of \$566 if you need to use the 60 lifetime reserve days for hospitalization.

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- If you have Medigap Plan C or F, Regence will now pay the new daily Skilled Nursing Facility Coinsurance of \$141.50 for the 21<sup>st</sup>-100<sup>th</sup> days of skilled nursing care. Plan K pays 50% of the Skilled Nursing Facility Coinsurance. Plan A does not cover it.
- If you have Medigap Plan C or F, Regence will now pay the new Part B deductible amount of \$162 for outpatient services. Plans A and K do not cover the Part B deductible.

You are an important member of the Regence community and we appreciate the opportunity to meet your health care coverage needs. If you have any questions about these changes, please call us toll-free at 1 <(888) 319-4181, (800) 624-6519>. Service hours are Monday through Friday from 6 a.m. to 6 p.m.

Sincerely,

A handwritten signature in black ink, appearing to read "Joanne Gholston". The signature is written in a cursive style with a large initial "J".

Joanne Gholston  
VP Customer Service