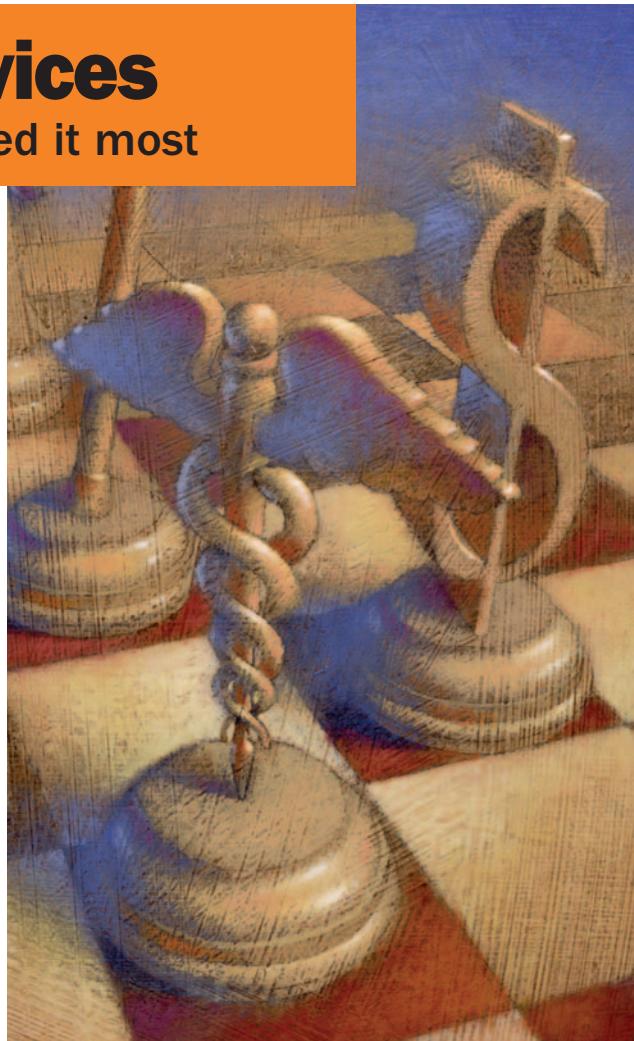


HAP's Medicare Advantage Plans

Extending Services
to your clients who need it most



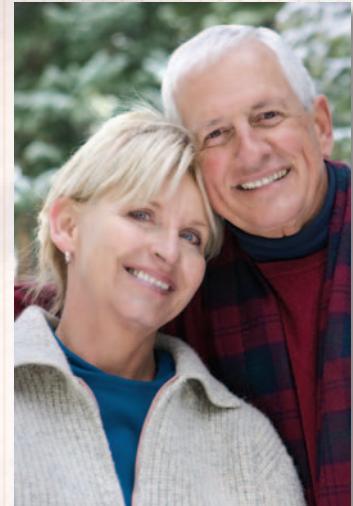
HAP offers a healthy bottom line with a personal touch

powered by



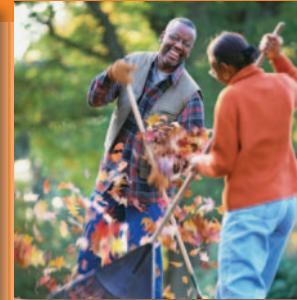
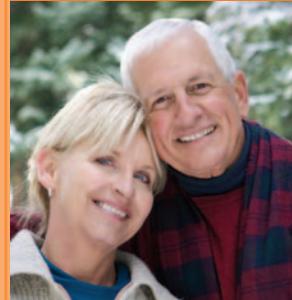
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Executive Overview

HAP offers value, choice and experience



Dear Associate,

Today, health care accounts for 15 percent of the gross domestic product. In the next decade, it's estimated that health care will account for 20 percent of the GDP, according to government forecasts¹. This sizeable figure not only drives a large part of the economy, it also impacts the price of goods that are not health-care related, including financial services. The fact is health care and prescription drugs have become an increasingly expensive cost for many individuals and businesses. The decisions that your clients make regarding health care coverage can impact their financial health.

HAP has a tradition of using health care resources wisely. As such, HAP is on the vanguard of offering high quality, value-based health plans. As costs continue to climb, HAP wants to ensure that Medicare-eligible beneficiaries in both the individual and group markets in Southeast Michigan have access to affordable and high quality health care. It can make the difference between simply living and adding years to one's life.

As part of an elite group that has earned the trust of your clients, you have the ability to expand your sphere of influence by better managing the financial risk associated with their health care and prescription drug needs. This booklet describes the value and cost-effectiveness of our Medicare Advantage plans so you can feel confident recommending them to your clients, whether they are individuals or employers.

We have also provided consumer-focused HAP Medicare Advantage brochures in the back pocket of this booklet to give to your clients. They can use these brochures to enroll or request more information about our plans.

If you have questions or would like a personal consultation with a HAP Medicare Advantage specialist, please call Charles Timms, Jr., Director, HAP Sales and Marketing, at (248) 443-8896. For your convenience, his business card is located in the back pocket of this brochure. We invite your inquiries and will respond promptly.

Sincerely,



Patricia R. Richards, RN
Senior Vice President and Chief Operating Officer

P.S. Please note that the deadline for current Medicare beneficiaries to enroll in a Medicare Advantage plan is May 15, 2006. People who become Medicare eligible after May 15 may enroll at that time. Employer groups may enroll at any time.

¹ Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Expenditures from 2004, released 1/06



Patricia R. Richards, RN
Senior Vice President
and Chief Operating Officer

To help us better assist you in discussing this matter with your clients, please complete and return the business reply card located in the back pocket. This card can also be used to order additional consumer brochures.



*This booklet is designed
to be a Medicare
Advantage educational
guide and planning
tool for professionals
who advise seniors or
small business owners
and corporations about
financial matters.*

Expand your sphere of influence

Whether your clients are individuals, small business owners or large corporations, you realize that meeting their financial goals and managing their financial risk is more than just dollars – it's also about good sense. It's about building relationships and meeting customer needs. As an adviser to these individuals and groups, you are a trusted expert.

This booklet is designed to be a HAP Medicare Advantage educational guide and planning tool for professionals who handle the estates and financial affairs of individuals 65 years or older, or small businesses and corporations. It describes the flexible and easy-to-use plans that HAP and its subsidiary, Alliance Health and Life Insurance Company (Alliance), offer as part of the Medicare Advantage program. You'll gain a better understanding about the overall value of our plans and how they can potentially shrink out-of-pocket costs for Medicare beneficiaries.

To assist in your planning sessions with clients, consumer brochures are contained in the back pocket. These define each plan in terms that Medicare beneficiaries can readily understand and provide enrollment information. Help your clients see the value of choosing HAP for comprehensive, affordable health care and prescription drug coverage. HAP will provide extra copies of these brochures at no cost – simply call Charles Timms, Jr. at (248) 443-8896.

Executive Overview

Health Alliance Plan (HAP) has provided health care benefits to Medicare-eligible beneficiaries through Medicare-approved plans since 1988. We've earned the trust of tens of thousands of individuals who've come to rely on Medicare Advantage plans that provide access to high quality care and are affordable and easy to use.

As the first wave of "baby boomers" approaches retirement age, HAP's Medicare Advantage plans continue to deliver health care coverage based on value, choice and experience. Through greater efficiencies, continual process improvement, outstanding customer service and clear communication, HAP will continue to be a health plan of choice for both individual members and employer groups.

HAP's Medicare Advantage plans deliver value and convenience to your clients by combining Original Medicare benefits, Medicare supplemental benefits, and prescription drug coverage all in one plan. Using only one membership card, your clients will have access to a wide network of participating providers, prescription drug coverage, worldwide emergency coverage, local and experienced Customer Service Specialists, and much more.

HAP Medicare Advantage Plan Overview

HAP and Alliance have contracted with the federal government to provide two HMO plans and one PPO plan with three prescription drug options for each. (See tabs 3 and 4 for details about these plans.)

HAP Senior Plus HMO – Henry Ford Health System network

- Serves people with Medicare living in Wayne, Oakland and Macomb Counties
- Access to the Henry Ford Health System network, including Henry Ford Bi-County and Henry Ford Wyandotte Hospitals and their associated provider groups
- Option of no prescription drug coverage, basic drug coverage, or enhanced drug coverage
(See tab 5 for more information about prescription drug coverage options.)

HAP Senior Plus HMO – Expanded network and service area

- Serves people with Medicare living in Wayne, Oakland, Macomb, Genesee, Lapeer, Livingston, Monroe, St. Clair and Washtenaw Counties
- Access to dozens of leading network hospitals and providers in the nine-county service area
- Option of no prescription drug coverage, basic drug coverage or enhanced drug coverage
(See tab 5 for more information about prescription drug coverage options.)

Alliance Medicare PPO network

- Serves people with Medicare living in Wayne, Oakland, Macomb, Genesee, Lapeer, Livingston, Monroe, St. Clair and Washtenaw Counties
- Access to dozens of leading network hospitals and providers in the nine-county service area
- Access to out-of-network hospitals and providers with increased cost sharing
- Option of no prescription drug coverage, basic drug coverage or enhanced drug coverage
(See tab 5 for more information about prescription drug coverage options.)

Health Alliance Plan has a contract with the Centers for Medicare and Medicaid Services (CMS). Through this contract, for each member we serve, we receive a monthly payment which we use to reimburse physicians, and other health care providers for their services. By efficiently managing our network and putting emphasis on preventive care (which helps reduce medical costs), we can provide more health care coverage. Medicare beneficiaries must continue to pay their Medicare Part B premium, if not otherwise paid for under Medicaid or by another third-party. Our contract with CMS is renewed annually; the availability of coverage beyond the end of the current calendar year is not guaranteed. PPO is a product of Alliance Health and Life Insurance Company, a wholly-owned subsidiary of Health Alliance Plan.



HAP serves more than 575,000 members. This represents more than 3,000 employer groups in our commercial products and more than 19,000 individual and group members in our Medicare Advantage plans.

About HAP

Quality, access and affordability shore up a solid prospectus

Health Alliance Plan (HAP) is a nonprofit health care plan founded in 1960 to provide affordable, accessible health care coverage for Detroit autoworkers and residents. Over the past four decades, we have grown significantly by expanding our products, services and service area, and by delivering on our promise to customers.

Today, HAP and its wholly-owned subsidiaries, Alliance Health and Life Insurance Company and Preferred Health Plan, serve more than 575,000 members. This membership represents more than 3,000 employer groups that contract our commercial products and more than 19,000 individual and group members in our Medicare Advantage plans.

Since the inception of HAP Senior Plus, an HMO developed for Medicare beneficiaries, our commitment to Medicare beneficiaries has remained strong. Over the years, we've expanded our service area and provider network from three counties to nine counties to better serve Medicare-eligible beneficiaries in southeast Michigan. Effective Jan. 1, 2006, we added Medicare Part D prescription drug coverage options to all plans, including our new Medicare Advantage PPO offered through Alliance Health and Life Insurance Company.

Quality Matters

HAP partners with providers to improve quality. Together we make a difference in the quality of care and service provided to our members. Our goal is to ensure that members are receiving the care they need to live healthy, productive lives.

Our commitment to clinical excellence, customer service and continuous improvement has earned HAP Senior Plus an Excellent Accreditation by the National Committee for Quality Assurance (NCQA).

Health Promotion Programs

HAP offers preventive services, innovative health promotion programs and member education tools to help members maintain or improve their health. These include:

- **Preventive Services** – HAP encourages members to receive preventive health services such as routine physicals and check-ups, flu shots, immunizations, cancer screenings, and much more.
- **Health Education Classes** – including nutrition and smoking cessation.
- **iStrive for Better Health** – HAP's online wellness program makes it easy for members to check their health, discover potential risks and learn to live a healthier lifestyle. Members receive a free, personalized health assessment and can choose optional follow-up programs to address their ongoing health needs.
- **Weight WiseSM** is an inspiring, high-energy program to help women, couples and families adopt simple, yet powerful, healthy habits that deliver lasting weight control and more energy. It is recognized as an outstanding disease prevention program by the Michigan Surgeon General.



Product **Overview**

Help serve your clients better



Product Overview

Help serve your clients better

The freedom to choose a health care plan that has the doctors that you want to see as well as some of the nation's top ranked hospitals – all at an affordable monthly premium – would be considered a five-star choice.

This appealing option is available to your clients through HAP's Medicare Advantage plans. These plans are optimal for seniors who value the relationship they have with their physicians. With HAP's large Senior Plus HMO network, most members find that they can keep their current doctor. In our HAP Senior Plus HMO products, a member's personal care physician (PCP) coordinates a member's care throughout the health care delivery system. This helps ensure safety and effective treatment when patients need to be seen by specialists or other health care providers. In our Alliance Medicare PPO products, members can continue to seek care from any provider without a referral; however, they receive the greatest benefit when they stay in-network.

The patient-physician connection is similar to the relationship that many of your clients have with you as an adviser. With knowledge of their financial history and goals, you are able to counsel and guide your clients toward financial freedom. When it comes to their health, seniors want assurance that their health care plan is comprised of physicians who have the knowledge and skill to give the best advice and prescribe the right course of treatment. They also want predictable financial commitments.

Business owners and corporate accounts

If most of your client base consists of business owners or corporate accounts rather than individuals, we've also got you covered. Many businesses – large and small – have been forced to trim or even eliminate retirement benefits to remain competitive. Now, they are looking for ways to "soften the landing" for employees who are retiring with little or no health care coverage. To address this increasingly common scenario, HAP offers affordable options to business owners and corporations. Once you've reviewed our plans in the sections that follow, you'll see that there are ways to keep retirees happy, even in the midst of benefit cutbacks. HAP gives more options and great value.



*Help your clients see
the value of choosing
HAP for Medicare
Advantage coverage.*



Products Overview

Our Medicare Advantage Plans offer everything your clients need and more – more health care coverage than Original Medicare, a choice of prescription drug benefits, simple copays, low plan premiums and worldwide emergency coverage, as well as high quality care from a HAP network of providers.

When evaluating Medicare Advantage plans, be sure that your clients look at both the plan's monthly premium and potential out-of-pocket costs. Some plans that have very low monthly premiums often have higher cost sharing that could result in more costly coverage over time. Also, some plans have variable costs that can arise unexpectedly. All of these factors must be examined when helping your clients choose the Medicare Advantage plan that is right for them or their company.

HAP Senior Plus HMO – HAP has a contract with the federal government to provide two HAP Senior Plus HMO plans with both health care and prescription drug benefits. HAP Senior Plus offers two Medicare-approved HMO options, each with its own network service area. Your clients choose a plan based on where they live and which doctors and hospitals in the network they prefer. Care is coordinated by a personal care physician (PCP).

Alliance Medicare PPO – Alliance has a contract with the federal government to provide the Alliance Medicare PPO plan with both health care and prescription drug benefits. Alliance Medicare PPO allows members to decide which doctors or specialists they want to see. They can seek care from a provider within our network of physicians and health care facilities without referrals. They can also use licensed medical providers outside of our network with higher levels of cost sharing.

Group HAP Senior Plus or Alliance Medicare PPO Coverage –

For employer group coverage, HAP will work with your clients to design a Medicare Advantage plan tailored to their specific needs. Like our individual plans described above, group plans can be designed with varying levels of prescription drug coverage.

Medicare Part D – Prescription drug coverage –

This newly minted coverage, which took effect Jan. 1, 2006, is one of the features of the Medicare Modernization Act (MMA) of 2003. It's a means of reducing the overall cost of prescription medications for people on Medicare. This coverage is available in all of our CMS-approved Medicare Advantage plans described above.

HAP's Medicare Advantage plans

Features that give HAP an edge:

- Prescription drug coverage
- More health care benefits than Original Medicare
- Worldwide emergency and urgent care coverage
- A choice of qualified doctors and hospitals
- Low Plan premiums
- Easy to use and understand with virtually no paperwork
- Health and wellness education
- Local and experienced Customer Service Specialists

Employers and business owners can benefit too!

- Get a real deal on health plans for retirees.
- We can assist with Medicare Comp benefits or conversions.
- Obtain customized products for groups with specific benefit requirements.
- Pay the same amount or less than you pay now, but gain more with HAP's expanded coverage and added benefits.
- Even if you don't provide coverage for retirees, you can inform them of our cost-effective plans – saving them money and providing options for medical and prescription coverage.



HAP SENIOR PLUS AND ALLIANCE MEDICARE PPO PRODUCT OVERVIEW*

Office Visits

- \$10 copay – PCP
- \$10 copay – Specialist
- \$0 copay – Routine physical exam
- \$0 copay – X-rays and lab test
- PPO Out-of-Network: 20% coinsurance

Hospitalization

- Unlimited days – No deductible or copays
- Semi-private room
- PPO Out-of-Network: 20% coinsurance

Skilled Nursing

- 100 days each benefit period
- HAP-approved facilities
- PPO Out-of-Network: \$100 each day for days 1-20

Home Health Care

- When medically necessary
- No custodial care
- PPO Out-of-Network: 20% coinsurance

Vision Care

- Annual eye exams
- Glasses
- Contacts
- PPO Out-of-Network: 20% coinsurance

Emergency Care

- Worldwide coverage
- Urgent Care: \$10 copay
- Emergency Care: \$50 copay (waived if admitted)
- PPO Out-of-Network: 20% coinsurance

Prescription Drugs

- No deductible.
- Low copays until beneficiary & plan have paid \$2,250 in prescription costs.
- Once this amount is reached, beneficiary is responsible for 100% of prescription cost until out-of-pocket costs reach \$3,600.
- \$3,600+ beneficiary reaches the “catastrophic” level, copays at this point are \$2 for generic and preferred brand, or \$5 for all other drugs, or 5%, whichever is greater.

*For complete benefit information, see the HAP Senior Plus HMO or Alliance Medicare PPO Summary of Benefits.

HAP Senior Plus **HMO**

Flexible coverage that provides peace of mind



HAP Senior Plus

Preventive care that provides peace of mind

Since 1988, Medicare-eligible beneficiaries throughout Southeast Michigan have experienced the freedom and security of having a reliable health care plan for their Medicare coverage. HAP Senior Plus is a Medicare-approved plan that provides access to leading physicians and hospital systems. Seniors like its focus on preventive care with comprehensive coverage for acute and chronic disorders. We offer more health care coverage than Original Medicare with a choice of prescription drug benefits through Medicare Part D.

HAP Senior Plus is designed to help members stay healthy. We also keep them happy with easy access, affordable premiums and virtually no paperwork.

Coordinated care

As a health maintenance organization (HMO), HAP Senior Plus offers coverage within a designated network of providers. The hundreds of physicians within the HAP Senior Plus network are well qualified to provide a full range of primary to specialty care. Most are Board certified in their specialty.

HAP contracts with leading health care systems and their providers to ensure that HAP Senior Plus members get the quality care they deserve. Within the Henry Ford Health System network, physicians at Henry Ford Hospital belong to Henry Ford Medical Group, a salaried staff of physicians who work collaboratively to ensure patients' needs are met. A strong partnership bonds Henry Ford Medical Group with the associated physician groups at Henry Ford Bi-County and Henry Ford Wyandotte hospitals.

Our full service area includes over 4,800 physicians and 28 hospitals, backed by the resources of their respective health systems. Plus, members have access to care at many medical centers, urgent care centers, optical centers and pharmacies that have contracted with HAP Senior Plus.

Members must select a personal care physician (PCP) from our network; this PCP coordinates all of a patient's routine medical care – from lab work and diagnostic tests to regular exams. The PCP also makes referrals to specialists and arranges for hospitalization. Our coordinated care provides peace of mind to seniors who like having a team of physicians that know their medical history and attend to their care.

HAP Senior Plus offers more coverage than Original Medicare and combines it with Medicare supplemental benefits and prescription drug coverage – all in one comprehensive plan that's easy to use. Members are still enrolled in the Medicare program and must continue to pay their Part B premium. HAP Senior Plus members receive extras such as: unlimited days in the hospital with no deductible or copay; routine hearing tests and hearing aids (limitations apply); vision tests; mammograms and more.



Competitive advantages of HAP Senior Plus

- We offer more health care coverage than Original Medicare with a choice of prescription drug benefits through Medicare Part D.
- No variable costs or copays – there's security in knowing about fixed costs up front with no surprises. It's something to count on.
- Overall cost savings when you compare all the benefits.

Members must agree to use only the providers within their selected HAP Senior Plus network to obtain covered services. Medicare beneficiaries who travel can rest assured that emergency care services are covered anywhere in the world. Out-of-network care is not covered in this plan except in the case of an emergency. For seniors who prefer an open access product that allows them to use any provider without a referral, our Alliance Medicare PPO offers additional options. (see tab 4).

Individuals who have prescription drug coverage elsewhere (e.g., VA drug coverage) and are Medicare eligible can still enroll in a HAP Medicare Advantage plan without drug coverage.

HAP Senior Plus HMO – **Henry Ford Health System network**

- Serving people with Medicare who live in Wayne, Oakland and Macomb counties
- Access to Henry Ford Health System network, including Henry Ford Bi-County and Henry Ford Wyandotte Hospitals
 - \$20 monthly premium – no prescription drug coverage
 - \$50* monthly premium – basic Medicare prescription drug coverage
 - \$70* monthly premium – enhanced Medicare prescription drug coverage

HAP Senior Plus HMO – **Expanded network and service area**

- Serving people with Medicare who live in Wayne, Oakland and Macomb, Genesee, Lapeer, Livingston, Monroe, St. Clair and Washtenaw counties
- Access to dozens of leading network hospitals in the nine-county service area
 - \$65 monthly premium – no prescription drug coverage
 - \$98* monthly premium – basic Medicare prescription drug coverage
 - \$117* monthly premium – enhanced Medicare prescription drug coverage

* Medicare beneficiaries' monthly premiums may be reduced if they qualify for extra financial assistance.

Medicare beneficiaries must continue to pay their Part B premiums.

With HAP Senior Plus Prescription Drug Coverage:

- No deductible
- Low copay for each prescription until the total yearly drug costs paid by Medicare beneficiary and plan reach \$2,250

HAP Senior Plus Basic Coverage

\$10 Generic
\$30 Preferred
\$55 Non-Preferred and Specialty

HAP Senior Plus Enhanced Coverage

\$7 Generic
\$15 Preferred
\$35 Non-Preferred and Specialty

- After Medicare beneficiary and plan reach \$2,250 in drug costs, Medicare beneficiary pays 100% of prescription costs until their out-of-pocket costs reach \$3,600. Members continue to receive their prescription drugs at HAP's contracted rates (vs. retail) during the coverage gap when they show their HAP Senior Plus or Alliance Medicare PPO ID card.
- Once Medicare beneficiary reaches \$3,600 in out-of-pocket costs, they pay an even lower copay:

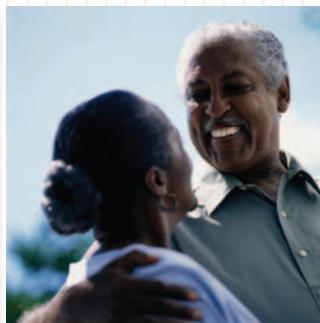
HAP Senior Plus Basic Coverage

\$2 Generic
\$5 Preferred or 5%
(whichever is greater)

HAP Senior Plus Enhanced Coverage

\$2 Generic
\$5 Preferred or 5%
(whichever is greater)

Note: These copays apply to all HAP's Medicare Advantage plans.



HAP Senior Plus HMO Benefit Comparison Chart

	Original Medicare	HAP Senior Plus HMO – Henry Ford Health System Network*	HAP Senior Plus HMO – Expanded Network**
Medicare Prescription Drug Coverage	Administered through private insurance in 2006	Choice of: • No coverage • Basic coverage • Enhanced coverage	Choice of: • No coverage • Basic coverage • Enhanced coverage
Hospitalization Coverage	150-day limit. Deductible and copay	Unlimited days. No deductible or copay	Unlimited days. No deductible or copay
Inpatient and Outpatient Surgical Services	Yearly deductible, plus copay	No deductible or copay	No deductible or copay
Doctor/Specialist Office Visits (Medicare-covered services)	20% of Medicare-approved amounts	\$10 copay per office visit	\$10 copay per office visit
Routine Physical Exams	Not Covered***	\$10 copay per office visit	\$10 copay per office visit
Routine Eye and Hearing Exams	Not Covered	Covered	Covered
Eyeglasses or Contact Lenses (subject to limitations)	Not Covered	Covered	Covered
Mammograms	20% of Medicare-approved amounts	Covered	Covered
X-rays and Lab Tests	Yearly deductible, plus copay****	Covered	Covered

* Service area includes Wayne, Oakland and Macomb counties.

** Service area includes Wayne, Oakland, Macomb, Genesee, Lapeer, Livingston, Monroe, St. Clair and Washtenaw counties.

*** Except for “Welcome to Medicare” physical exam

**** Except for approved lab services

For complete benefit information, see the HAP Senior Plus HMO Summary of Benefits.

Also see the chart on page 10 for coverage of nursing home stays, home health care and other services.

Alliance Medicare **PPO**

Flexible coverage with more choices



Alliance Medicare PPO

Preventive care with more choices

For seniors who want the freedom to choose their health care providers, HAP offers Alliance Medicare PPO through Alliance Health and Life Insurance Company, a wholly-owned subsidiary of HAP.

Alliance Medicare PPO offers more coverage than Original Medicare, as well as a choice of prescription drug benefits and simple copays. Seniors who travel can rest assured that emergency care services are covered anywhere in the world.

When members select Alliance Medicare PPO, they decide which doctors or specialists they want to see. They can seek care from a provider within our extensive network of physicians and health care facilities without referrals. The Alliance Medicare PPO network includes over 6,200 physicians and 28 hospitals. Members also can use licensed medical providers outside of our network at a higher level of cost sharing.

Individuals who have prescription drug coverage elsewhere (e.g., VA drug coverage) and are Medicare eligible can still enroll in an Alliance Medicare PPO plan without drug coverage.



Alliance Medicare PPO Nine - County Network

- Serving people with Medicare who live in Wayne, Oakland and Macomb, Genesee, Lapeer, Livingston, Monroe, St. Clair and Washtenaw counties
- Access to dozens of leading network hospitals in the nine-county service area
- Access to additional out-of-network hospitals and physicians with higher levels of cost sharing
 - \$80 monthly premium – no prescription drug coverage
 - \$113 monthly premium – basic Medicare prescription drug coverage
 - \$132 monthly premium – enhanced Medicare prescription drug coverage

Medicare beneficiaries' must continue to pay their Part B premium.

Note: Prescription drug coverage is detailed on the chart on page 13.

Alliance Medicare PPO Benefit Comparison Chart

	Original Medicare	Alliance Medicare PPO, Nine-County*	
		In-Network	Out-of-Network
Medicare Prescription Drug Coverage	Administered through private insurance in 2006	Your choice of:	
		<ul style="list-style-type: none"> ■ No coverage ■ Basic coverage ■ Enhanced coverage 	
Hospitalization Coverage	150-day limit. Deductible and copay	No deductible or copay	20% co-insurance
Inpatient and Outpatient Surgical Services	Yearly deductible, plus copay	No deductible or copay	20% co-insurance
Doctor/Specialist Office Visits (Medicare-covered services)	20% of Medicare-approved amounts	\$10 copay per office visit	20% co-insurance
Routine Physical Exams	Not Covered**	\$10 copay per office visit	20% co-insurance
Routine Eye and Hearing Exams	Not Covered	Covered	20% co-insurance
Eyeglasses or Contact Lenses (subject to limitations)	Not Covered	Covered	Covered
Mammograms	20% of Medicare-approved amounts	Covered	20% co-insurance
X-rays and Lab Tests	Yearly deductible, plus copay***	Covered	20% co-insurance

* Service area includes Wayne, Oakland, Macomb, Genesee, Lapeer, Livingston, Monroe, St. Clair and Washtenaw counties.

**Except for "Welcome to Medicare" physical exam

***Except for approved lab services

For complete benefit information, see the Alliance Medicare PPO Summary of Benefits.

Medicare **Part D**

Prescription drug coverage



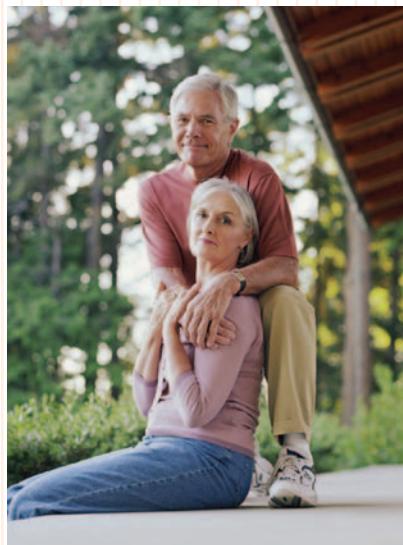
Easing the cost of prescription drugs

Medication is a large part of the overall health care cost for seniors. To ease this burden, Medicare began to pay for outpatient prescription drugs through private insurance plans beginning Jan. 1, 2006. This "Part D" coverage is a voluntary program and eligible seniors must sign up for it.

HAP has been approved by the federal government to offer Part D coverage through two Medicare Advantage plans: HAP Senior Plus HMO and Alliance Medicare PPO. Medicare Advantage prescription drug coverage is only available through these plan combinations and may not be purchased as stand-alone prescription drug coverage from HAP.

The last day to enroll in a Medicare Advantage plan for 2006 is May 15, 2006. (The next enrollment is from Nov. 15 through Dec. 31, 2006 for coverage beginning on Jan. 1, 2007.) If eligible seniors do not sign up before this year's deadline and do not currently have creditable coverage, they will have to pay a penalty when they do sign up: 1% for each month they delay enrollment. Retirees should have received a letter of "creditable" coverage from their former employers. Creditable coverage either matches or exceeds Medicare's drug coverage. If seniors lose this "creditable coverage" at a future date, the penalty to add Part D benefits will not apply.

The following chart compares the minimum Medicare Part D to HAP prescription drug benefit:



	Medicare Minimum Part D Coverage		HAP's Medicare Part D Coverage	
Cumulative Drug Costs	In Original Medicare, beneficiary pays:	Medicare Part D pays:	In HAP's MA plans, beneficiary pays:	HAP pays:
\$250 (deductible)	\$250 (deductible)	\$0	No Deductible.	0
\$251 - \$2,250 (Initial coverage)	25% (up to \$500)	75% (up to \$1,500)	Low copay until beneficiary and plan reach drug costs equal to \$2,250	Remaining amount until beneficiary and HAP reach drug cost equal to \$2,250
\$2,251 - \$5,100 (Coverage gap)	100% (up to \$2,850)	\$0	100% until beneficiary reaches out-of-pocket amount equal to \$3,600	\$0 until beneficiary reaches out-of-pocket costs of \$3,600
\$5,101 (Catastrophic coverage)	5% or \$2 copay – generic \$5 copay – brand	5% or \$2 copay – generic \$5 copay – brand	5% or \$2 copay – generic \$5 copay – brand	5% or \$2 copay – generic \$5 copay – brand



Our Medicare Part D formulary represents prescription therapies that are an important part of quality treatment for seniors.

General information about HAP's prescription drug plans

HAP Senior Plus and Alliance Medicare PPO use a formulary that lists all drugs covered by HAP. Both brand-name drugs and generic drugs are included in our formulary. Brand-name drugs are only listed when there is not a generic equivalent available. Prescriptions must be filled at plan pharmacies or through HAP's mail-order pharmacies. In some cases, prescriptions filled at a non-plan pharmacy may also be covered. Certain prescription drugs have additional requirements for coverage and limits, which are described in the Evidence of Coverage for each plan.

About our formulary

Our Medicare Part D formulary was developed in consultation with a team of health care providers including pharmacists and physicians. The list represents prescription therapies that are an important part of quality treatment for seniors. HAP Senior Plus and Alliance Medicare PPO will generally cover the drugs listed in our formulary as long as the drug is medically necessary, the prescription is filled at a plan pharmacy, and other plan rules are followed.

Members can obtain a copy of our formulary by visiting our web site at www.hap.org/medicare or calling a Customer Service Specialist at **1-800-422-4641**.

We keep members informed of changes

The formulary is updated monthly (with drugs added or removed). Changes in the formulary may affect which drugs are covered and how much members pay when filling prescriptions. We send written notice of formulary changes to all members who are using a drug affected by the change. This notice will be sent at least 60 days before the change takes effect and also is posted on our web site www.hap.org/medicare.

Medication Therapy Management offers a safeguard to seniors

HAP Senior Plus and Alliance Medicare PPO offer medication management programs to help ensure that members are using appropriate drugs to treat their medical condition and allow us to identify any medication errors. A team of pharmacists and doctors developed these programs as a quality and cost-control measure.

The following medication management programs are offered to members of HAP Senior Plus and Alliance Medicare PPO:

■ **Chronic Disease Management:** Designed for members with two or more chronic diseases commonly affecting the adult population. Examples include: arthritis, asthma, benign prostate hypertrophy, congestive heart failure, COPD, coronary artery disease, depression, diabetes, hypertension, and stroke. Patients with other concurrent diseases would also qualify for this program.

■ **Polypharmacy:** This program is designed to reduce polypharmacy (the misuse, under use, or overuse of prescription drugs) for members using multiple medications for the management of multiple diseases.

■ **Management of High Cost Specialty Drugs:** This program is designed to assure that members receiving high-cost drugs have an appropriate indication for use (e.g. benefit outweighs risk, literature supports use of drug), and that the physician monitors for safety and efficacy within appropriate time frames.

■ **ePrescribing:** This is an application that allows providers to write prescriptions on the computer and send them directly to the pharmacy electronically via the internet. By using the application, the providers have access to a patient's medication history and insurance coverage information. This assists with making prescription choices that are safe and cost effective for their patients. It also eliminates legibility errors caused by handwritten prescriptions. Best of all, a patient's prescriptions will be waiting for them at the pharmacy when they leave their appointment rather than having to take the paper prescription to the pharmacy and waiting for it to be filled.



Frequently Asked **Questions**



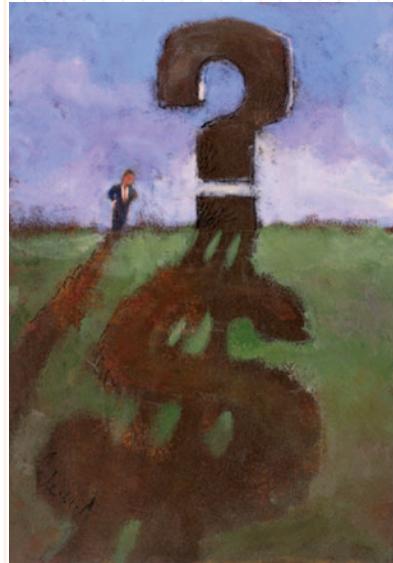
This section covers some of the frequently asked questions about HAP's Medicare Advantage plans and prescription drug coverage.

Q. What are Medicare Advantage plans?

A. Managed care companies contract with the federal government to offer Medicare Advantage plans. These private insurers receive a monthly payment for each Medicare eligible enrollee to pay providers for covered services. Medicare Advantage plans include HMOs and PPOs, which may cover more services and have lower out-of-pocket costs than Original Medicare.

Q. What Medicare Advantage plans does HAP offer?

A. HAP's Medicare Advantage plan names are HAP Senior Plus HMO and Alliance Medicare PPO. These plans offer all of the medical benefits covered by Original Medicare, plus additional coverage that includes office visits, preventive services, health education classes, smoking cessation, disease management, mammograms and x-rays, vision and hearing exams, and eyeglasses. These Medicare Advantage plans combine Original Medicare benefits, Medicare supplemental benefits and prescription drug coverage all in one easy-to-use and easy to understand plan.



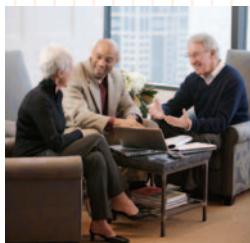
Q. Do these plans offer prescription coverage?

A. HAP Senior Plus HMO and Alliance Medicare PPO may be purchased with or without the Medicare Part D prescription drug coverage. There are different levels of prescription drug coverage so seniors can choose the plan that's best for them.

Q. How does HAP's HMO differ from the PPO?

A. While both plans stress preventive care and encourage regular check-ups, HAP Senior Plus HMO members choose a personal care physician (PCP) who coordinates their health care and makes referrals to specialists within the network. In addition, these members must obtain care through the HMO's network of physicians and hospitals.

With Alliance Medicare PPO, members can receive care from any physician they choose. However, they will save costs if they receive their care from physicians within the plan's expanded nine-county network. HAP members need to know that they might incur larger out-of-pocket costs if they seek medical care from providers outside HAP's defined networks.



Q. Will Medicare beneficiaries lose their Medicare benefits if they join a Medicare Advantage Plan?

A. No. Medicare benefits, in addition to supplemental Medicare benefits and prescription drug coverage, are offered through HAP's Medicare Advantage plans. Members still have all the rights and protections afforded to them by Medicare including filing appeals and grievances.

Q. How does the HAP Medicare Advantage Plans' membership cards work?

A. With their membership card, members have the ease and simplicity of needing only this one ID card for hospital, medical and prescription drug coverage. The card lists one phone number that will connect seniors to local, knowledgeable Customer Service Specialists.

Q. What is Medicare Part D?

A. The Medicare Modernization Act created a new Prescription Drug Plan called Medicare Part D. For the first time, Medicare will pay for outpatient prescription drugs through private insurance companies. On Jan. 1, 2006, Medicare prescription drug coverage became available to everyone with Medicare. This drug coverage is intended to lower prescription drug costs and protect against higher costs in the future.

Seniors can get Medicare prescription drug coverage through Medicare Advantage Plans or stand-alone Medicare Prescription Drug Plans. These drug plans must provide coverage that is at least as good as Original Medicare prescription drug coverage. Some plans offer more coverage than others. By adding prescription drug coverage to a HAP Medicare Advantage plan, members are covered for their first prescription without paying a deductible.

Even individuals who don't use a lot of prescription drugs now should consider obtaining basic Medicare prescription drug coverage. With advanced age, most people need prescription drugs to stay healthy.

Q. When can seniors enroll in a Medicare drug plan?

A. Individuals who currently have Medicare must enroll in a drug plan by May 15, 2006, to keep their monthly premiums low. New Medicare-eligible beneficiaries can enroll in a Medicare Advantage Drug Plan up to three months before turning age 65 and up to three months after turning age 65. The next open enrollment period is Nov. 15 to Dec. 15, 2006, for coverage effective Jan. 1, 2007.



Q. Will Medicare beneficiaries have to pay a penalty if they don't enroll in prescription drug coverage by May 15, 2006?

A. In many cases, yes. If they choose not to join when they are first eligible and later change their mind, they may pay a penalty of one percent per month.

When they do join, their premium cost will go up at least one percent per month for every month that they waited to join. They must pay this penalty as long as they have Medicare prescription drug coverage.

NOTE: There are at least two exceptions to the penalty deadline of May 15. The penalty does not apply to people who will turn age 65 in 2006 after May 15. Also, if an employer or union stops offering retiree drug coverage, those covered individuals will have a special enrollment period.

Q. Can seniors enroll in both a Medicare Advantage plan and a stand-alone Prescription Drug Plan?

A. No. Medicare does not allow seniors to enroll in multiple plans. Medicare Advantage plans with prescription drugs include both medical and prescription drug coverage. HAP Senior Plus and the Alliance Medicare PPO are easy to use, “all-in-one” plans.

Individuals who select a stand-alone prescription drug plan will still need to find an additional Medicare supplemental carrier to cover any coinsurances and deductibles for medical care expenses. This means seniors could end up with three different plans — Original Medicare, a second company for a Medicare Supplement and a third company for prescription drug coverage.

Q. What if seniors already have prescription drug coverage?

A. If prescription drug coverage is provided through a former employer or union, seniors should contact their benefits administrator for advice before making any decisions. Seniors should be aware that if they drop their employer or union coverage, they might not be able to get it back. They also may not be able to drop their employer or union drug coverage without also dropping their employer or union health coverage.

Q. Are all drugs covered by HAP's Medicare Advantage plans?

A. We have a special formulary (a list of approved drugs). To find out if an individual's drugs are covered, they should make a list of all current medications, including name, dose size (for example: two pills, 300mg in each pill), dosage frequency (for example: twice a day) and current monthly cost for these prescriptions. Then, they can compare their list to our formulary to see what's covered under each plan. Seniors can view our formularies by calling HAP, visiting the HAP web site www.hap/medicare or by visiting www.medicare.gov on the web.

This section covers some questions you may have about discussing HAP's Medicare Advantage Plans with your clients.

Q. How will discussing HAP's Medicare Advantage plans with my clients help my practice?

A. Good question. There are many ways you can benefit. When your client saves money on health insurance, they have more money to invest. HAP's focus on prevention, comprehensive care and disease management help keep our members healthy. Saving money and staying healthy adds up to greater client satisfaction. You are providing a value-added benefit by informing clients about cost-effective, comprehensive coverage through HAP's Medicare Advantage Plans. As a result, you can build client trust and loyalty to your practice. It's a win-win opportunity for you and your clients.

Q. Who is the best client to present this information to?

A. Any individual 65 years or older who is covered by Medicare Part A and B. For corporate accounts, you can discuss these plans with business owners who offer retirement benefits in the form of medical and prescription drug coverage or plan to offer this benefit.

Q. Can I sell HAP's Medicare Advantage plans through my office?

A. No. Only HAP sales associates can register individuals for these Medicare products. HAP sales associates provide prospective members with detailed information that covers benefits, liability, disclosures and other factors. All HAP sales associates have extensive training, have completed a certification process, and are bound by federally mandated compliance regulations.

Q. If my clients are interested, what's the next step?

A. You have three options.

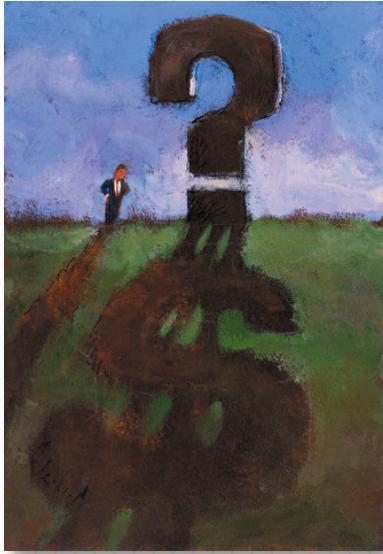
- You can refer the names of your interested clients to Charles Timms, Jr., Director, HAP Sales and Marketing. Please call his office at (248) 443-8896 or send an e-mail to ctimms1@hap.org. He and his office staff will contact your interested clients at the number you provide and present the information to them.
- Your clients can call HAP directly to get additional information or to enroll. Please use the brochures in the back pocket as handouts for your clients; the number for your clients to call is printed in the brochures.
- We would be happy to meet with you and your client in your office to discuss our Medicare Advantage plans and answer all your questions.

Q. Where should I direct my clients for more information?

A. Here are some additional resources:

- For information about HAP's Medicare Advantage Plans, visit the HAP web site at www.hap.org/medicare.
- Seniors can also compare plans in the HAP service area at www.medicare.gov or by calling **1-800-MEDICARE**. Get a free copy of the booklet *Your Guide to Medicare Prescription Drug Coverage*. HAP encourages prospective members to consider not only the monthly premium, but also total out-of-pocket costs and whether the plan includes comprehensive health benefits. For more information on Medicare prescription drug coverage, the *Medicare & You 2006* handbook lists the specific plans in your area.
- Visit www.medicare.gov on the web and get personalized information.
- Visit www.mymedicarematters.org. This is a community-based resource for seniors.
- Call **1-800-MEDICARE (1-800-633-4227)**. TTY users should call **1-877-486-2048**. When calling, seniors should have their Medicare card, a list of their prescription drugs, and the name of their pharmacy.
- Social Security Administration **1-800-772-1213**.
- State Health Insurance Assistance Program **1-800-803-7174**.
- Contact the Detroit Area Agency on Aging at **(313) 446-4444**, or visit www.eldercare.gov on the web.
- Attend local events, seminars and classes on Medicare changes.





Notes

Clients who could benefit from HAP's Medicare Advantage Plans:

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6. _____
7. _____
8. _____
9. _____
10. _____

Questions/follow-up



Alliance Medicare PPO
ALLIANCE HEALTH AND LIFE INSURANCE COMPANY *powered by* **hap**

2850 W. Grand Boulevard
Detroit, MI 48202

www.hap.org