

Medicare Advantage Enrollment Guide

Medicare Advantage Plan Rules to Know

1. Your Medicare-covered dependents and you can each choose the MA plan that is best for you, or both of you can be covered under the same plan.
2. If your dependents are not eligible to participate in an MA Plan, they may continue coverage under their HMO or PPO plan. Dependents must be covered under one plan, the HMO or PPO.
3. Under TexanPlus and Texas HealthSpring, you must select a primary care physician to coordinate your health care, just as in the HMO. Check each plan's provider directory; your doctor might be in their network.
4. The Aetna FFS allows you to select any doctor or specialist that accepts Medicare and Aetna's FFS plan. Call your doctor. He/she might already have these arrangements in place.
5. You may enroll your covered dependents in an MA Plan on the first of the month after they become eligible: (1) They become covered under Medicare Parts A & B at age 65; (2) they are under age 65 but become disabled and get Medicare Parts A & B; (3) they move into the service area of TexanPlus or Texas HealthSpring; or, (4) for Aetna FFS, they live in either of the 50 states.
6. You may disenroll from your MA plan effective the first of any month by submitting a disenrollment form. You must continue getting your medical services through your MA Plan until you are notified by the plan that your coverage has ended. That notice can take up to 60 days.
7. If you disenroll from an MA Plan, you may re-enroll in the HMO or PPO within 31 days after your coverage ends in the MA Plan. You should request re-enrollment at the same time that you apply to disenroll from your MA Plan. After 31 days, you will lose the opportunity to re-enroll in the HMO or PPO.
8. If you enroll in an MA Plan, you may elect to return to the HMO or PPO within 90 days after enrolling, or May 1, 2007, or January 1, 2008. You must complete a City of Houston Medicare Advantage Disenrollment form and a City of Houston Retire Medical Election Form. Request these forms from the Benefits Division, (888) 205-9266 or (713) 837-9400.
9. Remember, your MA Plan takes the place of your Medicare and your HMO or PPO. If you re-enroll in the HMO or PPO, you are also re-enrolled in Original Medicare.

Important dates

If you meet eligibility requirements, you may join during open enrollment.

1. Forms are due to the city by Dec. 31, 2006, for coverage to begin Jan. 1, 2007.
2. Forms received after Dec. 31, 2006, will become effective on the first day of the following month.
3. To pay the lower premium, the benefits division must receive your application by the third of the month prior to the month in which you want coverage to start. If you want to pay the lower premium on Jan. 1, the benefits division should receive your form by Dec. 3. If we don't, you will receive a refund for the higher premium for Jan. 1.

Enrollment Options

- If you don't want to make any changes, don't do anything. Your coverage will remain in effect until you make a change.
- Elect an MA plan.
- Your dependent elects an MA plan.
- You elect an MA plan and your dependent stays in the HMO or PPO plan.
- Return to the HMO or PPO now, or wait until May 1, 2007.

If you are currently enrolled in:	You may enroll in one of these plans during this enrollment.				
	Aetna Fee-for-Service	TexanPlus	Texas Health-Spring	HMO	PPO
TexanPlus	yes	-	yes*	yes	yes
Texas HealthSpring	yes	yes*	-	yes	yes
HMO	yes	yes*	yes*	no	no
PPO	yes	yes	yes	no	no

*If you live in the service area.

SCHEDULE OF ENROLLMENT MEETINGS

Learn more about these money-saving MA plans at one of the meetings below:

E. B. Cape Center
4501 Leeland
Houston, TX 77023

- Friday December 8 10:00 am
- Friday December 8 2:00 pm
- Wednesday December 13 10:00 am
- Thursday December 14 2:00 pm
- Thursday December 19 10:00 am

Be sure to bring your enrollment packages.



**Win
for
Life**

Making SMART health choices



**City of Houston
January 2007**



Suitable for all Medicare retirees
1 or more members required

MEDICARE ADVANTAGE PLAN ENROLLMENT 2007

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How do I learn more about these plans?

1. Read every page of this enrollment guide.
2. Use the Comparison chart to find the services you use most often, and compare copayments and coinsurance amounts.
3. Request an enrollment package from Aetna, TexanPlus, or Texas HealthSpring. Call the numbers listed below. We don't want to overload your mailbox with information, so we let you request the information you want to see. Feel free to call all three.



Dear Retirees:

Every day, my team and I search for more efficiency in our systems and programs that will improve delivery of city services and the lives of Houstonians. That's my job. I encourage every city employee to find greater value for each city dollar spent on services, and to provide those services with pride, commitment and accuracy. That, too, is my job.

I have the same expectation of the health-care system. The struggle for affordable health care is perplexing to all of us -- to patients, to payers, and to providers. When I learn of a new solution, I work to evaluate that as an option for you.

That's what I offer you now: a **third Medicare Advantage plan: Aetna Fee-for-Service plan**. This one offers coverage in all 50 states, for \$44 a month for one retiree. Compare that to the \$351 premium for the PPO. The Fee-for-Service Plan is a new plan in which almost every doctor and hospital can participate, giving you more freedom to choose your health-care provider. There are no networks, no claims to file, and lower copayments for most services than in the Blue Cross HMO and PPO plans. The chart on page 7 displays a comparison of all plans offered to Medicare-retirees.

Your fellow retirees have shown steady migration to the Medicare Advantage HMOs in the southeast Texas region since May 2005, and I would expect the same pattern to take place with this new plan. With the current enrollment, your former coworkers have saved over **\$1.9 million** in premiums in the last 12 months, and much more in reduced copayments ... saving money while preserving their doctor-patient relationships and quality of care.

For those living outside the greater Houston area, this is a new concept for you. Please take the time to read about the new option. You'll find lots of information in this Guide, and a toll-free number to call with questions.

At the end of the day, I rest easier knowing that you have health-care options that are affordable, accessible, and provide quality care. I rest easier because Medicare has developed solutions that allow the City to reduce the financial burden on the growing senior population. And, I rest easier because we have, again, simplified the complex health-care system for you.

Enrollment begins in December and elections become effective on January 1, 2007. It is a privilege to serve as Mayor of this great city, and to offer my respect for your past service.

Respectfully,

Bill White

What exactly are MA plans?

Medicare offers you different ways to get your Medicare benefits when you reach age 65, or become covered under Medicare before age 65. One option is called Original Medicare, and is the traditional form that underlies your retiree health coverage from the city.

Another option is called a Medicare Advantage plan where Medicare contracts with private companies to provide the benefits instead of Medicare. This kind of plan is similar to the NYLCare65 plan the city offered until 2000.

These city-sponsored MA plans are two HMO-type plans, and one fee-for-service plan. In the HMO plans, you must choose a PCP to coordinate your care, and use network providers. In the fee-for-service plan, almost every doctor and hospital in the US can participate directly. You seek care from any doctor who agrees to Aetna's terms of participation. There is no network. When you enroll in an MA plan, Medicare pays a monthly amount to Aetna, TexanPlus, and Texas HealthSpring to provide your Medicare benefits. That means that these MA plans cover everything Medicare covers, and more. Medicare writes most of the rules that the vendor and the retiree must follow. These three plans will stand in place of your city health plan and Medicare.

Effective Dates

- Disenrollment from any Medicare Advantage plan is effective the last day of the month.
- Your MA plan is effective on the first day of the month after receipt of your enrollment forms.

Important Notes

- You must continue getting your medical care from your MA plan until the plan notifies you that your coverage has ended. Although the process to terminate coverage can take up to 60 days, it is generally effective on the date that you requested on your disenrollment application. You will automatically be re-enrolled in Original Medicare plan.
- Your HMO or PPO coverage will be effective on the date your MA plan coverage ends.

Eligibility

You are eligible for coverage as a retiree under the benefits plans if you were covered when you retired and have been continuously covered after retirement. If both you and your spouse retired from the city, you may be covered as a retiree or as a dependent — but not both. Dependents may be enrolled under only one parent or guardian.

The eligibility criteria remain the same. Your eligible dependents are your:

- Legal spouse,
- Unmarried natural or adopted children up to age 25, if they qualify as dependents for federal income tax purposes,
- Children up to age 25 over whom you have legal guardianship or legal foster care if they qualify as dependents for federal income tax purposes,
- Grandchildren under age 25 if they qualify as your dependents for federal income tax purposes,
- Disabled dependents over age 25 who are incapable of self-sustaining employment because of mental or physical handicap. The dependent must be primarily dependent on you for more than 50 percent of financial support and covered before age 25.

Life insurance

Covered retirees have \$5,000 in life insurance.

So ... now is the time to review your life insurance beneficiary. If you have had a "life event" such as marriage, divorce, birth, adoption or death, or you have forgotten whom you previously designated, you may want to change your beneficiary.

The Benefits Division will not release the name of your current beneficiary by telephone. If you need to request a beneficiary change form, you may call the division at (713) 837-9400, or toll free at (888) 205-9266.

If there exists a conflict between this Medical Plans Comparison and the official plan documents for each plan, the official plans documents will prevail. The city of Houston reserves the right to change, modify, increase or terminate any benefits.

Contacts

Aetna
www.aetnamedicare.com
(800) 307-4830

TexanPlus
www.sctexas.com
(866) 556-4614

Texas HealthSpring
www.texashealthspring.com
(800) 846-2098

HMO Blue Texas
www.bcbstx.com
(713) 837-9377
(713) 837-9448
(713) 837-9376

Benefits Division
www.houstonhumanresources.org
(713) 837-9400
(888) 205-9266

Important Note

After enrolling in Aetna, TexanPlus or Texas HealthSpring, you can expect to receive:

- Welcome letter from the plan you selected
- I.D. card

You may receive mailings from multiple vendors, but don't be concerned. Look for the package with the city logo from the program you have enrolled in.

HOW TO ENROLL OR DISENROLL

Keeping the HMO or PPO

If you or your Medicare-covered dependent does not want to join Aetna, TexanPlus or Texas HealthSpring, you do not need to do anything. You will keep your HMO or PPO. If you or your Medicare-covered dependent wish to remain in an MA plan, you do not need to do anything.

You may change plans during the MA plan annual enrollment in December for Jan. 1, annual open enrollment in the spring, or you may elect to join an MA plan on the first of any month. For coverage to be effective on the first of the next month, the Benefits Division must receive your application before the end of the previous month.

Electing a Medicare Advantage plan

- ▶ Request an enrollment packet from Aetna, TexanPlus or Texas HealthSpring.
- ▶ Enrollment forms will be in the packet.
- ▶ Each person must complete, sign, date, and return all copies of an "Enrollment Application and Statement of Understanding" for the plan you elected.
- ▶ You must also complete the "City of Houston MA plans Enrollment Form." This form will keep your dependents' coverage in the HMO or PPO in place, and it will help ensure that you pay the correct health-care premium. Keep the last page for your records.
- ▶ Use the City of Houston return, postage-paid envelope to return all of your forms to the Benefits Division.

How to enroll

Complete the forms and return postmarked no later than Dec. 31, 2006. Changes will be effective January 1, 2007. Use the postage-paid envelope in your packet. If you don't use the envelope, the address is:

City of Houston
Human Resources Department, Benefits Division
P.O. Box 248
Houston, TX 77001

You may enroll in an MA plan on the first of any month. Forms received after Dec. 31, 2006, will be effective the first day of the following month.

Disenrolling from a Medicare Advantage plan

You may choose to enroll or disenroll from an MA plan at the first of any month. This includes changing from one MA plan to the other. To disenroll from an MA plan:

- ▶ Decide if your dependent or you want to elect a different city-sponsored MA plan, or if you want to re-enroll in the HMO or PPO plan. (May 1, 2007 or within 90 days of MA plan enrollment.)
- ▶ Each person who wants to disenroll from an MA plan must complete a "City of Houston Medicare Advantage Disenrollment Form." The retiree must complete a "City of Houston Retiree Medical Election Form." Request these forms from the Benefits Division, (888) 205-9266 or (713) 837-9400. If a person wants to elect another MA plan, request the enrollment application from the benefits division.
- ▶ As the retiree, you must complete the "City of Houston Retiree Medical Election Form" to reinstate HMO or PPO coverage for any dependents and/or yourself. You must also complete the form to change your dependents' or your coverage to the other MA plan.
- ▶ Send all completed forms to the Human Resources Department, Benefits Division, P.O. Box 248, Houston, TX 77001. The Benefits Division must receive your forms by the end of the month for coverage to be effective on the first of the next month.

Aetna Fee-for-service plan - a brand new option

You have the choice of three Medicare Advantage plans in January 2007. Retirees in the Houston area told us they are pleased with the chance to save money on monthly premiums, and copayments. We were looking for a way to extend those benefits to folks living outside of Texas, and most likely participating in the PPO. After a formal RFP process, we selected the brand new **Aetna Fee-for-Service** plan that will be offered in all 50 states. What's the difference in these three city-sponsored plans?

- ▶ Texas HealthSpring offers HMO-type benefits to Medicare-covered retirees, primarily in the southeast/east Texas area. The network includes Kelsey Seybold, Sadler Clinic and Renaissance doctors from which to select a PCP.
- ▶ TexanPlus offers HMO-type benefits to Medicare-covered retirees in the southeast Texas area. The network includes Kelsey Seybold and Heritage doctors from which to select a PCP.
- ▶ Aetna Fee-for-Service offers copayment benefits for most services in all 50 United States. Any doctor and hospital that accepts Medicare assignment can participate. You seek care from any doctor who agrees to Aetna's terms of participation.

Carefully study the material in this guide. It explains who is eligible, and what your enrollment options are. Take the time to learn about each plan. We think you'll find a Medicare Advantage plan worth trying. You can't lose in this game!

Medicare Advantage plans – good strategy to win against rising health care costs

What are the benefits of considering one of these plans? If you are already covered by Medicare, these plans are just a different way to have Medicare coverage. MA plans offer familiar benefits for lower cost than a traditional health plan.

Aetna, TexanPlus and Texas HealthSpring are managed locally. Medicare believes that contracting with quality health plans helps better manage retiree health benefits. So Medicare pays MA plans for maintaining contact with the retirees – something Medicare cannot do for 50 million retirees in America. That is why MA plans cost less than traditional health plans.

Here's what this means to city of Houston retirees.

- ▶ Your contribution for health coverage in an MA plan for one retiree is only \$6.25 to \$44 per month. Compare that to the \$107.32 per month cost to enroll in the HMO, and \$351 in the PPO.
- ▶ Copayments are 25 - 70 percent lower for a visit to the PCP and specialist.
- ▶ Most other copayments are lower, as you can see from the chart on page 7.
- ▶ The plan design is still familiar to you.
- ▶ You can get better than the equivalent of the Medicare Part D drug benefit from these plans
- ▶ There is no Medicare Part D premium.
- ▶ You can join an MA plan now, and your dependents can remain in the HMO or PPO.
- ▶ You can enroll in a city-sponsored MA plan on the first day of any month in 2007. If the MA plans do not meet your needs, you can re-enroll in the HMO or PPO within 90 days of your enrollment in the MA plan, or on May 1, 2007.

What's New?

1. A brand new plan – the Aetna Fee-for-Service plan that offers nationwide coverage and doctors. See **pages 3 - 4** for more information
2. TexanPlus copayments have changed in a couple of categories, and they have adopted a closed formulary in the prescription benefit. Check the chart on **page 7** for specific plan provisions.
3. Your contribution for TexanPlus and Texas HealthSpring has increased, but is still much less than the HMO and PPO. See the chart on **page 8** for all contributions.
4. There are new doctors in TexanPlus and Texas HealthSpring, as described in the chart on **page 12**.
5. There are no benefit changes in Texas HealthSpring, the HMO or PPO at this time until May 2007.

Who is eligible?

Probably you. Here are the FIVE things you need to qualify:

- Be a city retiree, dependent or survivor currently covered under a city medical plan.
- Live in a plan's service area, if you enroll in an MA HMO; Aetna's service area is all 50 states.
- Pay the required premium to the city.
- Be a card-carrying member of Medicare enrolled for coverage in both Part A, hospital insurance, and Part B, medical insurance.
- Not have end-stage renal disease, except for Aetna Fee-for-Service plan.

There are no waiting periods and you cannot be turned down for coverage for a pre-existing health condition.

Important Note

If you are in a plan you like, and don't want to change plans, **don't do anything.** You may join Aetna, TexanPlus or Texas HealthSpring on the first of any month.



Need extra help?

If you need help from an MA plan, attend one of the enrollment meetings, or contact the Benefits Division.

611 Walker, 4th floor
Houston, TX 77002
Mon. - Fri., 8 a.m. - 5 p.m.

(713) 837-9400

(888) 205-9266

You do not need an appointment.

WE HAVE A GREAT NEW PLAN!

The city contracted with Aetna to provide a private Fee-for-Service Medicare Advantage plan, effective January 1, 2007. It's a national solution for reducing health care costs for Medicare-covered retirees. It provides coverage in all 50 states – a great feature for retirees living outside southeast Texas. Now, almost every Medicare-covered retiree can save money every month – not just those in the Houston area.

As a member of the new plan, you get full Medicare coverage, plus the extra benefits the city bought for you. The plan is designed to be equivalent to, or better than, the city's HMO/PPO plans, which have always been superior to Medicare-alone coverage.

When participating doctors treat you, you pay a copayment, and they file a claim with Aetna only. Payment comes from Aetna, instead of from Medicare. The payment to the doctor is designed to be roughly equivalent to what they would receive from Medicare for that service. It's much simpler for the doctor.

If this is your first exposure to a Medicare Advantage plan, please read this entire guide to learn more about this kind of plan. Use the Comparison Chart, and the summary charts on pages 7 - 8 to compare to the plan you're in now. Here are a few questions we know you are asking ...

What do I pay to enroll in this plan?

The monthly premium you pay for each person's coverage is \$44 per month. That's right – less than half the cost of HMO, and an 87% reduction from the PPO premium. It's savings you can't ignore.

What do I pay to go to the doctor?

You pay copayments for most medical services, and the doctor files a claim with Aetna. Copayments for doctor visits are \$15. Annual health screenings are free. For durable medical equipment, you pay 15%.

Is my doctor in this plan? Who are the other providers?

Doctors can become eligible to treat you on January 1. Almost any doctor can participate. There is no network, or directory of doctors. We have included a list of questions for you to ask your doctor when making an appointment. (See the box to the left.)

What do I pay to go to the hospital, and where can I go?

Hospital admissions are free - \$0 copayment, no coinsurance. Any hospital that accepts Medicare can participate in the plan. There is no network, or directory of hospitals. Before admission, you'll want to ask the hospital the questions in the box to the left.

Are prescriptions covered?

Prescriptions are covered through network pharmacies, for copayments similar to the HMO and PPO. Mail order is also available. The Aetna Fee-for-Service prescription benefit is a Part D program, so you should NOT enroll in a separate Part D program. If you do, it will kick you out of this plan.

Balance-billing

If you go to a doctor who does not accept Medicare assignment, you may be balance-billed for an amount greater than your copayment. The doctor is allowed by Medicare to balance-bill you for 15% above the Medicare-allowable charge for that service.

A message from the MA plans

Aetna FFS

Aetna is proud and excited to tell you about our newest Medicare Advantage plan that starts January 1, 2007 – the Aetna Medicare Open private-fee-for-service plan. It's great for retirees who do not live within a specific network service area, because the Aetna FFS plan's service area includes all 50 states. You can go to any doctor who is Medicare eligible and accepts Aetna's terms and conditions, and you don't need referrals from a PCP to see a specialist. There are no deductibles in this plan, copayments are much lower, and there isn't even a hospital copayment! Our Member Services Dept. is open 7 days a week, 365 days a year from 8 a.m. – 8 p.m. in all time zones. Call us at (800) 307-4830 to order your enrollment materials.

TexanPlus

TexanPlus has been offered to City retirees and their dependents since May 2005, and right now we are proud to say that more than 800 folks have selected TexanPlus to provide coverage for their health care needs.

Why choose TexanPlus? First of all, we work in partnership with our doctors, who have been serving Medicare eligible members since 2001. Our physician groups include Kelsey-Seybold, Memorial Clinical Associates, and the Heritage Physicians Network. We also have a comprehensive hospital network that includes the Methodist Healthcare System, Memorial Hermann Healthcare System and St. Luke's Episcopal Hospital (for Kelsey members).

Best of all, we offer easy access to primary care doctors, specialists and hospitals for very low copayments. Your prescription drug coverage (Part D) has no additional premium and no deductible. TexanPlus also offers value added services, like discounts for dental, vision and hearing needs. Our Eldercare plan can assist you and your family in dealing with long-term health care decisions.

TexanPlus has designed our program with you in mind, and we believe that TexanPlus may be the right choice for you!

Texas HealthSpring

We are pleased to share with you the exciting benefits that you will receive as a member of Texas HealthSpring. We have earned a reputation for top of the line, local customer service, which is based on the PALS (Personal Assistance Liaison) Program. Every member is assigned their own PAL to assist them in better understanding plan benefits, resolve any issues, and serve as a direct contact to Texas HealthSpring. We can assure you that the Texas HealthSpring personalized customer service approach sets us apart from other plans in our service area.

With Texas HealthSpring, you will find the most extensive provider network, with more than 2000 physicians from which to choose, including Kelsey-Seybold Clinic and Sadler Clinic. There are also over 40 hospitals in our network, including the Memorial Hermann Healthcare System, Methodist Hospitals, and the Woman's Hospital of Texas. You can count on Texas HealthSpring when you need a ride to your physician's office or hospital. Our transportation benefit offers up to 30 trips (15 round trips) per year at no additional charge. Texas HealthSpring members can get physically fit, meet new friends, and participate in fun events by becoming active with the free Silver Sneakers Fitness Program which gives you access to more than 30 local fitness centers.

We know you will enjoy being a member of Texas HealthSpring and look forward to sharing these and other exciting benefits with you in the future!

Thoughts from a fellow retiree ...

Dr. Sulabha Hardiker: Retired from Health & Human Services after 18 years with the city. MA plan member

"It's low cost as opposed to BlueCross BlueShield. BlueCross BlueShield was more than \$100, while this costs \$5. And I could continue with my doctors at Kelsey Seybold and St. Luke's is my hospital. I'd been with them before and wanted to keep them."

Introducing Aetna FFS with nationwide coverage

Questions for your doctor before you need services

1. Do you accept Aetna's new Medicare Advantage Fee-for-Service plan?
2. Do you accept Medicare Assignment?
3. Do you balance-bill?
4. Will you read the terms and conditions of participation, and agree to be a deemed provider through Aetna?

Reconfirm the doctor's participation at the time of your appointment. If the doctor treats you, he/she has agreed to Aetna's terms, and is a deemed provider, eligible to be seen.

Important Note

If you enroll in an MA plan, you can change back to the HMO or PPO within 90 days of your enrollment, or on May 1, 2007.

Options now include:

1. Do nothing and stay in the plan you are in now;
2. Retiree may change plans and dependent can stay in the current plan;
3. Dependent may change plans and retiree can stay in the current plan.

THINGS TO CONSIDER (CONT)

Tools to help you make your decision

By now you should be curious to know if one of the MA plans will work for you. Here are some questions to help you make that decision.

- ▶ Are you interested in joining an MA Plan? Do you live in the Houston area or another city in Southeast Texas more than 6 months in the year? Or, do you live outside of Texas? If so, TexanPlus, Texas HealthSpring or the Aetna FFS might be for you!! **See the maps on page 11.**
- ▶ Are your doctors in Kelsey Seybold, Renaissance or another group? Do you pay a deductible and 40 percent of cost when you see your regular doctor? You might consider TexanPlus, Texas HealthSpring, or the Aetna FFS. **See page 12.**
- ▶ Is there a hospital that meets your needs in TexanPlus and Texas HealthSpring? The Aetna FFS plan also includes any hospital that accepts Medicare. **See page 13.**
- ▶ Are your prescriptions available on one of the formularies in a lower-tier – meaning lower copayment? **See page 10.**
- ▶ Is there a conveniently located pharmacy? **See page 13.**
- ▶ Are the medical services you use most often available for a lower cost in one of the MA plans? **See page 7.**
- ▶ Are there extra services offered by these plans that you like? **See page 14.**
- ▶ Do you ever need help getting to the doctor or drugstore? **See page 14.**

If you answer yes to most of these questions, Aetna, TexanPlus or Texas HealthSpring could be right for you. However, if you live outside of the TexanPlus or Texas HealthSpring service areas, the Aetna fee-for-service plan is a great option for you to consider. All three plans offer considerable monthly premium savings of 59% - 94%, wallet-stuffing savings for point of service costs, and all three are backed by Medicare and the City of Houston. If you try one, you might just like it; and if not, you have 90 days to re-enroll in the HMO Blue HMO or PPO plans.

Very Important Note

To enroll in an MA plan you must:

- Be a city retiree, dependent or survivor currently covered under a city medical plan.
- Live in a plan's service area, if you enroll in an MA HMO; Aetna's service area is all 50 states.
- Pay the required premium to the city.
- Be enrolled in Medicare Parts A and B.
- Not have end-stage renal disease, except for Aetna Fee-for-service plan

Medicare's relationship to these MA plans

- ▶ Medicare has authorized Aetna, TexanPlus and Texas HealthSpring to provide the new Part D prescription benefit to you without charging you the Part D premium.
- ▶ If you're enrolled in the HMO or PPO, Medicare is primary. You must use your PCP in the HMO. The HMO and PPO are secondary for your coordination of benefits.
- ▶ If you enroll in Aetna, TexanPlus or Texas HealthSpring, all claims or inquiries are handled by the MA plan in place of Medicare. These plans replace the HMO, PPO and Medicare.
- ▶ Medicare has turned over all responsibility for your care to these plans. You still pay your Medicare premium, but it is the responsibility of the MA plans to manage your care.
- ▶ Aetna, TexanPlus and Texas HealthSpring are governed by Medicare, which writes the rules for these plans. Medicare may mandate a benefits change in the future.
- ▶ Future retiree contributions are subject to change.
- ▶ If Medicare increases benefits, the city will determine if we will change the plan now offered to you. If additional costs are passed along to the city next year, we will determine if a cost is passed along to you.
- ▶ Medicare cannot decrease benefits in 2007.

What's not covered?

This plan covers everything that Medicare covers, and more. The exclusions are similar to the exclusions in the HMO and PPO. A full list of exclusions are found in the Evidence of Coverage (available upon request by calling Aetna at the number on page 1.)

What's the catch?

The monthly premium is lower. The copayments are lower. The cost of a hospital visit is \$0. The prescription coverage is the same. You can see almost any doctor in the United States. Medicare backs the plan. Precertification for certain services is desired, but not required.

The plan is brand new in 2007. You will have to help it gather momentum by calling your doctor and hospital now. Ask them if they take Medicare assignment and if they will accept the Aetna FFS terms and conditions. If so, they can participate. See the box on page 3.

How can my doctor participate in this plan?

Providers can become participants in the Aetna FFS plan quickly and easily – no forms for your doctor to complete. If the doctor agrees to the "terms and conditions" found on the back of your Aetna FFS ID card, he/she is deemed to be a participating provider. And by accepting your appointment and treating you, he/she agrees to the terms and conditions. It's quite simple.

Any doctor eligible to receive payments from Medicare can become a fee-for-service provider. That's about 96% of the doctors in the United States. Most of these doctors accept Medicare assignment, but a few do not. Even the few who do not accept Medicare assignment are eligible to participate. If your doctor does not accept Medicare assignment, he/she is allowed to balance-bill you for 15% over the Medicare-allowable charge for that service.

What are your options during open enrollment?

- ▶ Enroll in one of the three MA Plans for yourself only.
- ▶ Enroll in one of the three MA Plans for yourself and your Medicare-covered dependents.
- ▶ Enroll in an MA Plan for a Medicare-covered family member and leave another Medicare or non-Medicare covered family member in the HMO or PPO plan.
- ▶ Return to the HMO or PPO within 90 days of MA plan enrollment if you are not satisfied.
- ▶ Your next opportunity to return to the HMO or PPO will be on May 1, 2007.
- ▶ Do nothing and remain in the plan you are in now.

Who is eligible?

Probably you. Here are the FIVE things you need to qualify:

- ▶ Be a city retiree, dependent or survivor currently covered under a city medical plan.
- ▶ Live in a plan's service area, if you enroll in an MA HMO; Aetna's service area is all 50 states.
- ▶ Pay the required premium to the city.
- ▶ Be a card-carrying member of Medicare enrolled for coverage in both Part A, hospital insurance, and Part B, medical insurance.
- ▶ Not have end-stage renal disease, except for Aetna Fee-for-service plan.

There are no waiting periods and you cannot be turned down for coverage for a pre-existing health condition.

For your doctor & hospital

Your doctor or hospital can find out more about participation in the Aetna Fee-for-Service plan, at www.aetna.com/provweb or call the Service Provider Center at (800) 624-0756.

Important note

See the back page for enrollment meetings, options and important dates.

We urge you to consider participating in one of these MA plans. Don't miss the boat. Get on board for quality, accessible and more affordable health care.

See pages 17 - 18 for information on how to enroll and disenroll.

HEALTH PLAN HIGHLIGHTS

Highlights for MA plans

Benefits provided by TexanPlus and Texas HealthSpring should look familiar to you. They are similar to the HMO benefits most of you use now. The Aetna FFS plan provides new benefits that require more thought on your part before making an appointment, but will still provide great savings – especially if you live outside of the service areas. See the comparison chart for more details.

- ▶ Kelsey Seybold doctors participate in TexanPlus and Texas HealthSpring HMOs in the Houston area.
- ▶ Renaissance doctors participate in Texas HealthSpring. Heritage doctors participate in TexanPlus. Many other Houston-area doctors are displayed in the chart on page 12. You must select a PCP from the directory to direct your health care.
- ▶ Aetna offers the possibility that 96% of the doctors in the US that accept Medicare assignment will belong to their new FFS plan. No PCP selection is required.
- ▶ Aetna encourages you to precertify many intense services, but it is not required.

Savings? Okay, show me the money.

Savings come in the form of lower monthly contributions, and lower time-of-service payments. Since May 1, 2005, almost 1500 participating retirees and dependents have saved more than **\$1.9 million** in contributions. That doesn't count what they've saved in copayments. Here's how the savings stack up:

- ▶ If you are in the HMO, and enroll in one of the three new MA plans, you could save 78% - 94% over what you're paying for HMO coverage.
- ▶ If you are in the PPO, and enroll in the Aetna FFS plan, you could save 87% over what you're paying for PPO coverage.
- ▶ Lower out-of-pocket costs on many services including:
 - ▶ 25% - 70% percent on doctor visits
 - ▶ \$200 - \$500 on hospital admissions
 - ▶ \$100 - \$115 on emergency room visits
 - ▶ 5% - 10% on durable medical equipment, like wheel chairs and walkers
 - ▶ 100% coverage for home health visits
 - ▶ Free rides to the doctor if you enroll in Texas HealthSpring: up to 15 round trips to doctors, hospitals, pharmacies

How can these benefits costs less than what I've been paying?

- ▶ Medicare has delegated some of the responsibility for providing benefits for 50 million beneficiaries to managed care companies, which means you can receive more personalized service, and they can better manage the unique medical needs of the senior population.
- ▶ Managed care companies can coordinate your care better than Medicare alone, and can perform better analysis on prescription interaction.
- ▶ The federal government is still responsible for making sure each Medicare beneficiary gets full Medicare benefits. With MA plans, employers can increase the benefit, and you get benefits that are better than Medicare alone.

4. Extra services

Listed below are value-added services for all MA plans. When making your health care decision, take into account these unique bonus features.

Extra Services	Aetna	TexanPlus	Texas HealthSpring
Free rides to appointments	N/A	N/A	Up to 30 free rides (15 round trips) per year to doctor appointments, hospitals and pharmacies in conjunction with doctor visits.
Fitness programs for seniors	N/A	25-50% membership discounts to participating health clubs through Careington.	Silver Sneakers - free health club membership and fitness classes.
Discounted hearing services	One routine hearing exam free per year. Included in basic services.	30% discount through HearPO on hearing exams. Discounts on repairs and batteries.	N/A
Hearing aids	\$500 reimbursement on hearing aids every 36 months. Contact Member Services at 1-800-282-5366 for additional information. Included in basic services.	One-time \$500 cash payment per covered member for the purchase of a hearing aid. Up to 62% savings on hearing aids through HearPO at participating providers.	Up to a 30% discount for hearing aids from selected providers.
Discounted dental services	N/A	20-50% savings on most dental procedures through Careington. 20% discount on specialty services, cosmetic dentistry and teeth whitening.	20-50% savings on most dental procedures through Careington. 20% discount on specialty services, cosmetic dentistry and teeth whitening.
Discounted vision services	One routine eye exam free per year. Discounts on frames and lenses at participating provider locations. Call Member Services at 1-800-282-5366. Included in basic services.	\$25 for an annual eye exam through EyeMed; and discounts on frames and lenses. Check provider directory for participating provider locations.	N/A
ElderCare services	N/A	Services provide wellness assessments, identification of elder-care needs, ongoing support in maintaining an independent quality of life. Discounts on senior housing alternatives and additional care alternatives.	N/A
Extra customer service	N/A	N/A	Members are assigned a Personal Assistant Liaison (PAL) to guide them to better understand benefits and help with resolving any issues. Call your PAL at 866-897-0828.
Newsletters	Quarterly member newsletter.	Bimonthly member newsletter.	Quarterly member newsletter.
Disease management	Dedicated case managers specializing in geriatric case management.	Each new member receives an initial health risk assessment. The health care program helps manage diabetes, CHF, coronary artery disease and COPD.	Health care communications and interventions provided to promote better health, fewer complications and lower health care costs. Examples: diabetes, CHF, asthma, etc.
Wellness services	Informed Health Line - provides a 24-hr toll-free number to get information on a variety of health topics. IntelliHealth - provides online features to help educate and promote wellness.	24/7 nurse support line, plus a dedicated team of nurses, a pharmacist and health care professionals who provide guidance and support as you consider lifestyle changes to improve your health.	Immunizations, well-woman / well man exams, bone mass measurement, colorectal screening and smoking cessation programs.
Emergency coverage	Worldwide	U.S. only	Worldwide

Winning Tip

What you will be receiving to help you enroll:

1. This enrollment guide
2. A comparison chart
3. Communication from Aetna, TexanPlus and Texas HealthSpring describing how you can request more information from them.



Winning Tip

To request specific information from Aetna, TexanPlus or Texas HealthSpring, call the phone numbers listed on the bottom of page 1. They will send information only if you request it.



Winning Tip

The city is contributing 75% of the cost of the MA plans.

THINGS TO CONSIDER (CONT)

2. Comparison of network hospitals

Listed below are just some of the hospitals in the TexanPlus, Texas HealthSpring and HMO Blue Texas networks. For a complete list, check the Web sites or call one of the numbers in the contact box on page 12. If a hospital accepts Medicare and Aetna terms and conditions, it will be in the Aetna fee-for-service plan. Call customer service at the number listed in the contact box on page 12.

In an emergency, you may seek treatment at any hospital, under any plan; however, you may be transferred to a network facility as soon as your condition is stabilized.

Hospital	Aetna*	TexanPlus	Texas Health-Spring	HMO Blue Texas
Angleton Danbury Medical Center	X*	X		X
Brazosport Regional Health System	X*	X		
CHRISTUS St. John	X*	X	X	X
St. Joseph Medical Center	X*	X	X	X
Clear Lake Regional Medical Center	X*	X	X	X
Houston Northwest Medical Center	X*	X	X	X
Kingwood Medical Center	X*		X	X
M.D. Anderson	x*			X**
Memorial Hermann Hospital Syst.	X *	X (7 facilities)	X (all facilities)	X
Methodist Hospital	X *	X	X	X
Park Plaza	X*	X	X	X
St. Luke's - Woodlands	X*	X (Kelsey only)	X (Kelsey only)	X
St. Luke's Episcopal Hospital	X*	X (Kelsey only)	X	X
Spring Branch Medical Center	X*	X	X	X
Twelve Oaks	X*		X	X
West Houston Medical Center	X*		X	X
Women's Hospital of TX	X*	X (Kelsey only)	X	X

* Most hospitals accept Medicare. Check the hospital where you live.

** By referral only.

3. Comparison of network pharmacies

Below is a list of many familiar network pharmacies. Others are available, so check online or call customer service for a complete listing of all pharmacies and their locations.

Pharmacy	Aetna	TexanPlus	Texas Health-Spring	HMO Blue Texas
CVS	X	X	X	X
HEB*	X	X	X	X
Kelsey-Seybold	X	X	X	X
Kroger	X	X	X	X
Randalls	X	X	X	X
Sam's Club	X	X	X	X
Target	X	X	X	X
Wal-Mart**	X	X	X	X
Walgreens	X	X	X	X

*HEB generic drug program provides a \$5 copayment for a 30-day supply of 500 generic prescriptions. Must sign up for the free "My HEB Pharmacy Rewards" card.

**Wal-Mart generic drug program provides a \$4 copayment for a 30-day supply of 314 generic prescriptions in 27 states, including Texas. No insurance card required.

CONTRIBUTIONS

Through carefully constructed contracts with Blue Cross and the Medicare Advantage plans, we have held health care expenditures to \$231 million in FY07. We expect the cost increase in the HMO and PPO to be single-digit in May 2007. But we can't rest in our effort to keep the plans affordable. Each 1% we don't spend now - \$2 million - means lower increases next year, keeping the plans affordable longer.

Each retiree who enrolled in a Medicare Advantage plan for 12 months in 2006 saved the city about \$5000, for a total of \$4.9 million. That translates into real money for you, because those same retirees saved over **\$1.9 million** in premiums in 12 months. And you can calculate what lower copayments mean to your wallet.

Your contribution for the Medicare Advantage plans is still 25% of the premium. The city will contribute 75% of the cost. Contributions to TexanPlus and Texas HealthSpring have increased, according to contract formulae. Including Aetna's cost to you, you now have three choices that cost less than \$50 per month! Here are the costs for January 2007:

- TexanPlus increases to \$6.25 per month.
- Texas HealthSpring increases to \$23.25 per month.
- Aetna's new plan costs \$44 per month.
- HMO and PPO plan contributions remain the same, until May 2007.

The Medicare Advantage plans offer distinct financial advantages. If you are a PPO member living outside Texas paying \$351 per month, you now have a new financial option worth serious consideration. If you are an HMO member, you have 5 affordable options for health coverage. Keep reading, and learn how to calculate your savings.

See the chart on page 8 for the new contributions.

An example of how to calculate your rate

As Medicare Advantage retirees, you have the option to split your family election. You and your eligible spouse may enroll in different MA plans. You may enroll in an MA plan, and your spouse can remain in the HMO/PPO, or vice versa. If that's your election, your monthly contribution will be calculated as described below. Refer to the contribution chart on page 8 for rates.

Example 1: You and your spouse both have Medicare & the HMO plan

Go to line 5 on the chart: One elects an MA plan/one keeps city plan	
Add the HMO rate	\$107.32
To the Texas HealthSpring rate	+ \$23.25
Your new contribution amount	= \$130.57
Amount you pay for HMO	\$209.32
Savings	Almost \$79

Example 2: You and your spouse both have Medicare & the PPO plan

Go to line 4 on the chart: Both elect an MA plan	
You elect TexanPlus, your spouse elects Aetna	
Add the TexanPlus rate	\$6.25
To the Aetna FFS rate	+ \$44.00
Your new contribution amount	= \$50.25
Amount you pay for PPO	\$398.98
Savings	More than \$348

Plan A

We still offer Plan A for the 17 retirees currently enrolled. You do not need to do anything to remain enrolled.

A thought from a fellow retiree ...

Dixie Mullins: Retired from F & A after 20 years with the city. A member of Texas HealthSpring

"My physician is in that group, and I especially like the cost. It works. I can get the kind of care I need through the HMO, and it's a seamless process."

Free ride?

Texas HealthSpring takes members for a ride - a free ride to the doctor! 69 city retirees took 675 free trips to the doctor this year.

The following MA plan features are effective January 1, 2007. Texas HealthSpring, the HMO and PPO have made no changes to their plan designs. TexanPlus made two changes in their benefit structure – an increased PCP copayment from \$5 to \$10 per office visit, and, if you go to a hospital outpatient surgical center, you will pay \$175 instead of \$125. The copayment for a free standing surgical center is still \$125. Refer to the evidence of coverage for Aetna, TexanPlus or Texas HealthSpring, or to the HMO/PPO medical plan summary document for covered benefits and exclusions. You can also reference the comparison chart for a more detailed side-by-side comparison.

Plan features for medical plans

Plan feature	Plan features for medical plans				
	Aetna*	TexanPlus+	Texas HealthSpring+	HMO	PPO in-network***
Deductible (Individual/Family)	\$0	\$0	\$0	\$0	\$200/\$600
PCP office visit copayment	\$15	\$10	\$10	\$20	\$30
Specialist office visit copayment	\$15	\$25	\$25	\$45	\$50
Routine physical copayment	\$0	\$0	\$0	\$0	\$0
Well woman/man exam	\$0	\$0	\$0	\$0	\$0
Inpatient admission copayment/coinsurance	\$0	\$300	\$275	\$500	\$500 + 20%
Emergency room	\$35	\$50	\$50	\$150	\$150 + 20%
Ambulance	\$15	\$50	\$100	\$100	20%
Outpatient surgery	\$0	\$125 / \$175	\$200	\$200	20%
Prescriptions (31-day supply) participating pharmacy copayment	(30-day supply)				
Generic	\$10	\$10	\$10	\$10	\$10
Preferred brand	\$30	\$30	\$30	\$30	\$30
Non-preferred brand	\$45	\$45	N/A	\$45	\$45
Specialty drugs	\$45	\$45	\$45**	\$45	\$45
Prescriptions (90-day supply) mail-order copayment					
Generic	\$20	\$20	\$20	\$20	\$20
Preferred brand	\$60	\$60	\$60	\$60	\$60
Non-preferred brand	\$90	\$90	N/A	\$90	\$90
Specialty drugs	\$90	\$90	\$90**	\$90	\$90
Prescriptions special copayments					
Medicare Part B	\$0	20% up to \$1,500	15% up to \$1,000	Included under "Non-preferred brand" copayments listed above	

* After the member's prescription copayments total \$3,850 in the plan year, copayments become the greater of \$2.15 or 5% for generic drugs and brand drugs treated as generic.

** Prior authorization required

***Out-of-Network benefits are lower, as displayed in the comparison chart

+Indicates closed formulary.

THINGS TO CONSIDER

Which plan is right for me?

To help you make that decision, the following charts present several considerations in choosing a new plan. The MA plans are compared to the HMO Blue Texas HMO.

1. Comparison of network physicians

In TexanPlus, Texas HealthSpring and HMO Blue, you must select a PCP for all primary care. It is not necessary to select a PCP to direct your care in the Aetna FFS plan, but it is recommended that you do so. To see if your preferred physicians are in one of these networks, use the contact information in the contact box to the right. All questions regarding physicians, facilities, drugs and benefits should be directed to the customer service departments at the phone numbers listed to the right.

Physician Group	Aetna	TexanPlus	Texas Health-Spring	HMO Blue Texas
Brazosport LPO		X		
Clear Creek Clinic			X	
Family Practice Associates			X	
Heritage		X		
North Central LPO (Formerly HispanicCare)		X		
Independent Physicians			X	X
Integranet		X		
Kelsey-Seybold Clinic		X	X	X
Memorial Clinical Associates		X	X	
Northwest Diagnostic Clinic		X		X
PeopleFirst				X
Physicians of East Texas			X	
Renaissance			X	X
Pasadena LPO (Formerly SEMNet)		X		
Sadler Clinic			X	X
Southeast Regional LPO		X		
Village Family Practice		X	X	
Total PCPs	About 96% of all U.S. doctors accept Medicare	454	812	1,430
Total Specialists		1629	1,334	7,902
Total Physicians		2,083	2,146	9,332

Thoughts from a fellow employee ...

Larry Webb, firefighter: As a member of the Health Benefits Advisory Committee, participating in the selection of the new Aetna plan:

"The Aetna Fee-for-Service is a rich plan for the price. It's very affordable and very lenient. It gives retirees access to services across the United States. If the doctor accepts Medicare, you can go to that doctor."

CONTACTS

Aetna
www.aetnamedicare.com
(800) 307-4830

TexanPlus
www.sctexas.com
(866) 556-4614

Texas HealthSpring
www.texashealthspring.com
(800) 846-2098

HMO Blue Texas
www.bcbstx.com
(713) 837-9377
(713) 837-9448
(713) 837-9376

Benefits Division
www.houstonhumanresources.org
(713) 837-9400
(888) 205-9266

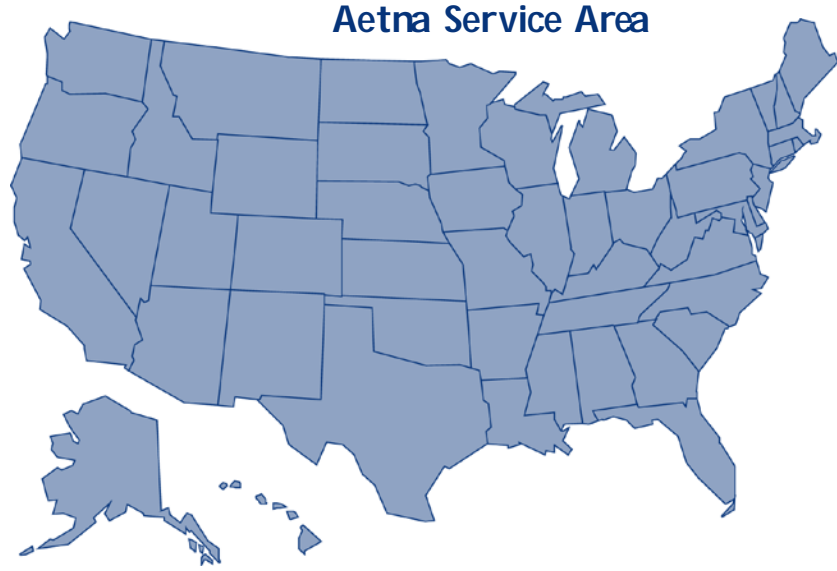
SERVICE AREAS

The maps below show the service areas authorized by Medicare for Aetna, TexanPlus and Texas HealthSpring. Most counties include all zip codes.

As you know, the HMO Blue Texas service area spans 220 counties in Texas. These counties are not in the service area: Archer, Bandera, Baylor, Clay, Coryell, DeWitt, Dimmit, Duval, Edwards, Falls, Foard, Frio, Gillespie, Goliad, Hamilton, Hardeman, Jim Hogg, Kerr, Kinney, Knox, La Salle, Lampasas, Limestone, Live Oak, Llano, McMullen, Maverick, Real, Uvalde, Webb, Wichita, Wilbarger, Zapata, Zaval.

The PPO offers doctors in 49 states, excluding Montana.

If TexanPlus and Texas HealthSpring expand into other counties, we will notify you about enrollment opportunities. Aetna FFS includes all counties in all 50 states.



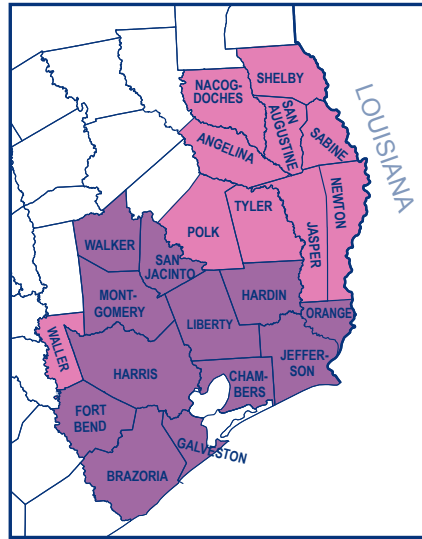
Aetna Service Area

Outside the service area?

Aetna covers emergencies worldwide.
 TexanPlus covers emergencies only in the United States.
 Texas HealthSpring covers emergencies worldwide.



TexanPlus & Texas HealthSpring Service Areas



■ TexanPlus & Texas HealthSpring
 ■ Texas HealthSpring Only

TexanPlus counties are:

Brazoria, Chambers, Fort Bend, Galveston zip codes: 77510, 77511, 77517, 77518, 77539, 77546, 77549, 77563, 77565, 77568, 77573, 77574, 77590, 77591, 77592, Harris, Hardin, Jefferson, Liberty, Montgomery and Orange

Texas HealthSpring counties are:

Angelina, Brazoria, Cameron, Chambers, Fort Bend, Galveston zip codes: 77510, 77511, 77517, 77518, 77539, 77546, 77549, 77563, 77565, 77568, 77573, 77574, 77590, 77591, 77592, Harris, Hardin, Hidalgo, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Tyler, Walker, Waller and Willacy

Which doctors are in my area?

For a provider directory with the complete list of providers in the network, use the contact information on page 1.

Contribution chart for January 2007

Use the chart below to find the contribution for the coverage you elect. First, look for the category in the left-hand column that fits your situation, then select the corresponding rate for the plans of your choice. If you have family members who remain in the HMO or PPO, select the rate based on the age of the oldest family member keeping the HMO or PPO plan. Your total monthly contribution is the sum of the rate for HMO or PPO, plus the rate for Aetna, TexanPlus or Texas HealthSpring.

Contribution chart for January 2007

Family Coverage Category	Contributions			
	Aetna	TexanPlus	Texas HealthSpring	PPO*
1 Retiree Only (With Medicare)	\$44.00	\$6.25	\$23.25	\$351.26
2 Retiree elects an MA plan				
3 Retiree + One (Both have Medicare)	\$88.00	\$12.50	\$46.50	\$398.98
4 Both elect an MA plan	\$44.00	\$6.25	\$23.25	
5 One elects an MA plan / one keeps city plan				\$351.26
6 Retiree + One (Only one has Medicare)	\$44.00	\$6.25	\$23.25	\$907.22
7 One elects an MA plan / one keeps city plan (less than 65)	\$44.00	\$6.25	\$23.25	\$366.94
8 One elects an MA plan / one keeps city plan (age 65+)	\$44.00	\$6.25	\$23.25	\$526.88
9 Retiree + Family (Two have Medicare)				\$913.82
10 Two elect an MA plan / one keeps city plan (less than 65)	\$88.00	\$12.50	\$46.50	\$366.94
11 Two elect an MA plan / two keep city plan (both are less than 65)	\$88.00	\$12.50	\$46.50	\$939.50
12 Two elect an MA plan / two+ keep city plan (all are less than 65)	\$88.00	\$12.50	\$46.50	\$1,308.72
13 One elects an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$44.00	\$6.25	\$23.25	\$907.22
14 One elects an MA plan / two+ keep city plan (1 is 65+, 2 are less than 65)	\$44.00	\$6.25	\$23.25	\$995.06
15 Retiree + Family (Two with Medicare + one 65+ w/o Medicare)				\$913.82
16 Two elect an MA plan / one keeps city plan (age 65+)	\$88.00	\$12.50	\$46.50	\$526.88
17 Two elect an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$88.00	\$12.50	\$46.50	\$1,106.44
18 Retiree + Family (Three w/ Medicare)				\$913.82
19 Three elect an MA plan	\$132.00	\$18.75	\$69.75	
20 Three elect an MA plan / one keeps city plan (1 is less than 65)	\$132.00	\$18.75	\$69.75	\$366.94
21 Three elect an MA plan / two keep city plan (both are less than 65)	\$132.00	\$18.75	\$69.75	\$939.50
22 Three elect an MA plan / two+ keep city plan (all are less than 65)	\$132.00	\$18.75	\$69.75	\$1,308.72
23 Two elect an MA plan / one keeps city plan (age 65+)	\$88.00	\$12.50	\$46.50	\$351.26
24 Two elect an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$88.00	\$12.50	\$46.50	\$907.22
25 Two elect an MA plan / two+ keep city plan (1 is 65+, 2 are less than 65)	\$88.00	\$12.50	\$46.50	\$995.06
26 One elects an MA plan / two keep city plan (2 are 65+, 1 is less than 65)	\$44.00	\$6.25	\$23.25	\$398.98
27 One elects an MA plan / two+ keep city plan (2 are 65+, 1 is less than 65)	\$44.00	\$6.25	\$23.25	\$913.82
28 Retiree + Family (Only one has Medicare)				\$995.06
29 One elects an MA plan / two keep city plan (both are less than 65)	\$44.00	\$6.25	\$23.25	\$939.50
30 One elects an MA plan / two+ keep city plan (all are less than 65)	\$44.00	\$6.25	\$23.25	\$1,308.72
31 One elects an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$44.00	\$6.25	\$23.25	\$1,106.44
32 One elects an MA plan / two+ keep city plan (1 is 65+, 2 are less than 65)	\$44.00	\$6.25	\$23.25	\$1,370.74

New rates for Medicare Advantage plans are effective Jan. 1, 2007.

*Rates displayed for the HMO and PPO are for participants who do not use tobacco products. If the participant or a family member uses tobacco products, the rate is \$25 higher per month. This additional amount does not apply to Aetna, TexanPlus or Texas HealthSpring.

PRESCRIPTION HIGHLIGHTS

Everyone talks about the importance of prescriptions, and their high cost. Some of your friends and family members are probably in the “donut hole” by now. But not you! The city’s five health plan choices provide seamless coverage over that gap. All five plans offer benefits much more generous than Medicare Part D.

You enjoy one of the richest prescription benefits around – fixed copayments for most covered prescriptions. Those benefits are costly. We expect to spend over \$36 million in prescriptions in 2007. That’s about 16% of the total health plan cost. Over half that cost is for retiree prescriptions.

The chart on page 7 describes the prescription coverage from all 5 city health plan choices. Use this chart, the list of prescriptions on page 10, and the formulary list from each plan to determine which prescription benefits are best for you. Many of your fellow retirees say this is the most important factor when considering a new plan.

What is Medicare Part D? – a brief overview

Part D is the prescription drug benefit for Medicare members. Medicare is contracting with many pharmacy vendors around the country to provide the benefit. Not all plans are offered in every area of the country. You are receiving many advertisements in the mail and on the phone that want you to enroll in a drug plan. There are many variations, but all plans offered have to be at least “equivalent” to the Medicare Part D benefit. That means some plans offer only the required benefit, and some plans offer additional benefits. These plans will cost different amounts, since the benefits are not the same.

We strongly suggest that you do not enroll in a Medicare Part D program if you intend to remain in a city-sponsored health plan. Medicare will not allow you to be enrolled in Part D and an MA plan at the same time. You will be dropped from the MA plan. You do not need to enroll in Part D to retain the prescription coverage offered by the city’s health plans.

What effect will Medicare Part D have on the city’s health plans?

Part D will not affect the city’s prescription benefits. Prescription coverage will be available without enrolling in a Part D plan. In fact, if you enroll in a stand-alone Part D plan and you are enrolled in one of the city sponsored MA plans, Medicare will cancel your medical coverage in the Medicare Advantage plan. The only coverage you will have is your Part D stand-alone prescription plan. Your city-sponsored retiree health plans provide equivalent or better prescription coverage than Medicare offers in 2007. In November of each year, you will receive a letter from the city informing you that the city’s prescription benefits plans are (or are not) equivalent to Medicare Part D.

Mail-order pharmacy benefit

If you are on maintenance medication that you will be taking for more than 30 days, you should try the mail order drug plan. It’s convenient and saves you money. You can order over the phone or on-line and receive a 90-day supply of your medication for 2 months copayment. If you are using a non-preferred drug, the mail order plan will save you \$180 per year, per non-preferred prescription.

Plan	Aetna	TexanPlus	Texas HealthSpring	BCBS HMO & PPO
Mail-order vendor	Aetna Rx Home Delivery	Pharmacare	Argus	Prime Therapeutics

Top ten retiree prescriptions

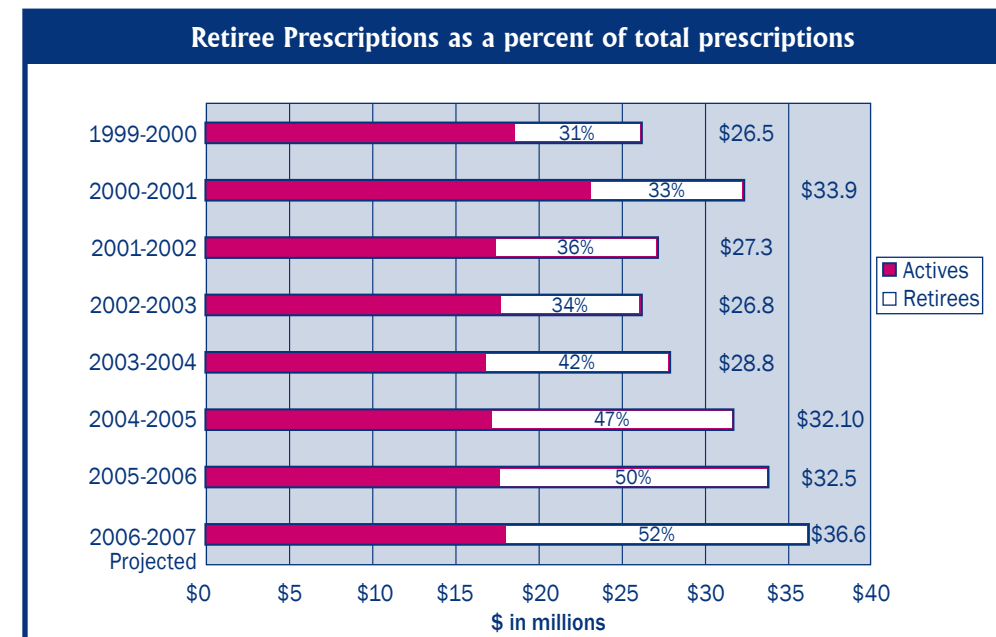
The chart below shows the top 10 medicines taken by retirees as of July 31, 2006 and their coverage tier under Aetna, TexanPlus, Texas HealthSpring and the HMO.

Drug, Therapy Class	Aetna	TexanPlus+	Texas HealthSpring+	HMO Blue Texas	Retail cost
	Formulary Tier				(30-day Supply)
Lipitor Cholesterol 20 mg tab	2	2	2	2	\$115.99
Nexium GERD 40 mg capsule	2**	2	Not covered	2	\$150.99
Actos Diabetes 30 mg tab	2	2	2	2	\$185.99
Enbrel Arthritis 50 mg/ml injection	2**	3**	3**	2*	\$1,521.79
Prevacid GERD 15 mg capsule***	2**	2	Not covered	3	\$152.99
Zocor Cholesterol; 20 mg tablet***	3	Generic Only	2	3	\$149.99
Lotrel High blood pressure 5/20 mg capsules	2	2	2	2*	\$87.99
Tracleer Primary pulmonary hypertension	2**	3	3**	2	\$3,557.94
Avandia Diabetes; 8 mg tablet	2	2	2	2	\$190.99
Protonix GERD; 40 mg tablet	2**	3	2	2	\$118.99

+ Indicates closed formulary.
 * Included in step therapy program.
 ** Requires prior authorization.
 *** Generic available.

Retiree prescriptions as a percent of total prescriptions

In this plan year, the city expects to spend \$36.6 million on prescriptions for all plan members. Retiree prescriptions are projected to be almost 52 percent of that amount, more than \$19 million.



Medicare Advantage

TexanPlus and Texas HealthSpring will provide semi-annual statements of your prescription utilization while enrolled in their plan. Aetna will provide monthly statements if you have claims.

What is a formulary?

A formulary is a list of covered drugs. Each plan’s formulary is different and can change each year. The drug formulary established by Medicare for 2007 serves as the model for Medicare Advantage formularies. View the 2007 formularies at these three Web sites:

Aetna FFS
www.aetnamedicare.com

TexanPlus
www.sctexas.com

Texas HealthSpring
www.texashealthspring.com

HMO Blue Texas
www.bcbstx.com

Formularies may change each Jan. and May.

Winning Tip

To find a participating pharmacy in the city plans, go to one of the Web sites listed below and click on the 2007 pharmacy or provider finder option.

Aetna FFS
www.aetnamedicare.com

TexanPlus
www.sctexas.com

Texas HealthSpring
www.texashealthspring.com

HMO Blue Texas
www.bcbstx.com