

PRODUCER UPDATE



BlueCross BlueShield of Illinois

300 East Randolph Street • Chicago, Illinois, 60601

To: **Blue Cross and Blue Shield of Illinois Producers**
From: **Peter B. Rodes, Divisional Vice President, Consumer Markets**
Date: **May 9, 2005**
Subjects: **Under-65 Rate Changes**

Modest Rate Changes for July 1, 2005 — under 4% for most new business rates!

I am very pleased to announce that, for the second consecutive year, we have been able to hold our rate increase to a minimum — just -1.3% to 4.7% for new business adjustments. The average adjustment is 2.7% while the highest at 4.7% applies only to three deductibles under Traditional Blue. This year's low increase in the face of continuously rising health care costs is a testament to our care delivery model, our market leadership position and our commitment to rate stability. In fact, it is below the Consumer Price Index for medical care, which was 4.4% in 2004.

I hope this modest rate change will help you write more business and better serve your clients. You and your clients know you can depend on the strength and stability of Blue Cross and Blue Shield of Illinois. As the state's leading insurer, with over 4 million members and one of the largest provider networks, we remain committed to developing innovative ways to help consumers and our producers.

Please keep in mind that these rate changes will not affect new business currently under our 12-month initial rate guarantee.

The Consumer Markets team appreciates your continued sales efforts on our behalf and looks forward to further strengthening our relationship in 2005.

Sincerely,

A handwritten signature in black ink that reads "Peter B. Rodes".

Peter B. Rodes
Divisional Vice President, Consumer Markets
Blue Cross and Blue Shield of Illinois

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Upcoming Rate Changes: Individual Under-65 Plans

Effective July 1, 2005, Blue Cross and Blue Shield of Illinois will implement very modest new business rate changes for the individual Under-65 products. The rate changes vary depending upon plan and deductible.

The following chart outlines the new business rate changes for July 1.

New Business Rate Changes Effective July 1, 2005

SelectBlue, SelectBlue Advantage, BlueChoice Select, BlueValue, BlueValue Advantage, BlueChoice Value, BasicBlue	-1.3% to 3.7%
Traditional Blue	-1.3% to 4.7%
BlueEdge High Deductible Plans, High Deductible Plan (Series 2)	2.7%

Existing individual Under-65 members will also see moderate rate changes beginning July 1, 2005 as shown in the table below. Your clients should receive written notification of the rate adjustment approximately 40 days before the new rate takes effect.

*NOTE: Children's Major Medical and Children's Alternative plan rates are **not** changing at this time.*

In-Force Rate Changes

Series 3 Plans

Rate Changes (at renewal)*

	<u>Policy Effective Dates</u>	
SelectBlue, SelectBlue Advantage, BlueChoice Select, BlueValue, BlueValue Advantage, BlueChoice Value, BasicBlue, Traditional Blue, BlueEdge High Deductible Plans	Prior to 7/1/02	-1.3% to 4.7%
	7/1/02 to 6/30/03	4.6% to 11%
	7/1/03 to 6/30/04	5.0% to 11%
	7/1/04 to 6/30/05	3.0% to 9.0%

Series 2 Plans

High Deductible Plan	2.7% to 9.0%
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*Effective on the first billing cycle after the expiration of the rate guarantee period on or after 7/1/05.

New Individual Under-65 Rate Book and Software

Your updated individual Under-65 rate book is enclosed. CCSI Brokerage will send the updated Illustration software to you via Radia. Please begin to use these new materials immediately for new business effective July 1, 2005.

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CONSUMER MARKETS