



Producer News

**We're Keeping Medicare Supplement Rates Low - So Your Sales Can Grow!
Minimal Premium Increases Averaging 2.03% to Cover Medicare's Latest Cost Hikes**

Effective January 1, 2007, Medicare beneficiaries will be responsible for a greater percentage of cost-sharing for hospitalization, skilled nursing care and medical expenses. Medicare increases the cost-sharing portion of the deductible and copayment annually. Take a look below at the comparison chart which includes 2006 and 2007 out-of-pocket Medicare costs:

Medicare's Out-of-Pocket Costs		
	2006	2007
Medicare Part A Hospital Deductible	\$952	\$992
Medicare Part B Deductible	\$124	\$131
Medicare Part B Premium	\$88.50	\$93.50
Hospital Days 61-90 Copayment	\$238	\$248
Hospital Days 91-150 Copayment	\$476	\$496
Skilled Nursing Facility Care Days 21-100 Copayment	\$119	\$124
High Deductible Plan F deductible	\$1,790	\$1,860
Plan K Annual Out-of-Pocket Limit	\$4,000	\$4,140
Plan L Annual Out-of-Pocket Limit	\$2,000	\$2,070

In 2007 Blue Cross and Blue Shield of Illinois will continue to cover the new Medicare increases dollar for dollar, all while keeping our 2007 rates at an average increase of only 2.03%. Our rate increases represent one of the lowest in recent years for Blue Cross and Blue Shield.

Blue Cross and Blue Shield of Illinois members will receive a notification of these rate increases via the Official Notification letter, which began mailing on Tuesday, November 14, 2006.

2007 Cost-of-Living Adjustment for High Deductible Health Plans and HSA Amounts

Each BlueEdge HSA Individual sale between November 1, 2006 and January 31, 2007 will earn producers 1.5 points as defined in the Sell More, Earn More Bonus Program — giving producers the opportunity to earn up to \$10,000 in bonuses. Be sure to keep informed of the new 2007 cost-of-living adjustment to help establish you as an HSA expert. Included in the chart below is a comparison of 2006 and 2007 High Deductible Health Plan (HDHP) minimum annual deductibles, maximum out-of-pocket and HSA maximum annual contribution amounts:

HDHP and HSA Amounts		
Individual Coverage	2006	2007
HDHP Minimum Annual Deductible	\$1,050	\$1,100
HDHP Maximum Out-of-Pocket Amount	\$5,250	\$5,500
HSA Maximum Annual Contribution Level	\$2,700	\$2,850
Family Coverage		
HDHP Minimum Annual Deductible	\$2,100	\$2,200
HDHP Maximum Out-of-Pocket Amount	\$10,500	\$11,000
HSA Maximum Annual Contribution Level	\$5,450*	\$5,650*
55 & Older Catch-up Contributions	\$700	\$800

* The maximum contribution is the lesser of the indexed amount or the HDHP deductible amount.

Producer Materials Available Soon

Our Medicare Supplement sales materials are being updated with 2007 Medicare deductibles and copayments. In addition, our BlueEdge Individual HSA materials are being updated with 2007 minimum annual deductibles, maximum out-of-pocket and HSA maximum annual contribution amounts. We will let you know when these materials are available in supply.

The Under-65 Member Mailing is Getting Underway

Our annual communication to under-65 members notifying them about women's health and cancer rights, HIPAA and how to find the most updated PPO or BlueChoice Hospital Network and providers through our Web site www.bcbsil.com/providers, members search by provider type and click on Go button. This year, no riders are being sent to members. The communication will be mailed over a two-week period and will begin on November 22, 2006.

Helpful Tips for Submitting SelecTEMP PPO Business

When writing SelecTEMP PPO business, it is important to submit the *entire* premium amount for the duration of the policy with the completed application. Here are some helpful tips for correctly submitting your business:

- If the monthly premium is \$100.00 and the policy duration is 6 months, submit \$600.00 with the application.
- If the monthly premium is \$50.00 and the policy duration is 3 months, submit \$150.00 with the application.
- Please do not submit agency checks or cash.
- Timely submission of the appropriate funds will ensure that your members' applications are processed promptly.

New Detailed Membership Declination Letter

In an effort to provide more detailed information to our members, the Underwriting and Membership departments at Hallmark have joined together and developed a new process for communicating member declination. Prior to this new process, a Membership Letter detailing the reasons for the declination, was sent to the member. This communication was less detailed than the new letter and simply noted that the decision to decline the member had been by the Underwriting Department.

The newly developed communication process requires that a letter drafted by Underwriting accompany the Membership Letter in order to provide details for the member indicating the exact reasons for the denial. Although all of the information for this mailing will be sent in a single mailing the letter from Underwriting will be sealed in a separate envelope marked "Personal and Confidential" so as to protect the applicant's personal health information. Due to the fact that a spouse and multiple dependents over the age of 18 may be affected by a declination, there could be the potential for several letters from Underwriting being sent in a single mailing.

Knowing the time-sensitive nature of declination communication, the Membership Department is committed to a 48 hour turnaround time for letter generation once the underwriting decision has been made. The Agent of Record will continue to receive a copy of the Membership letter, but the Underwriting letter containing personal health information will only be sent to the member of whom the letter is speaking.

Hallmark is dedicated to continuous improvements in customer service and hopes this effort will be reflective of this commitment. If you have any questions, please contact your General Agent or your Marketing Consultant.