

To: All Agents

Re: 2010 Medicare Supplement Changes

There has never been a better time to be in the senior market! There are several changes on the horizon and it is our objective to keep you well informed so you can prosper in the field. As you are likely aware, regulations are changing the existing standardized Medicare Supplement plans in June of 2010. The purpose of this field communication is to outline the specific changes in the plans as well as Great American Supplemental Benefits Group's strategy to ensure we maintain a valuable product for your clients.

Any plan currently available for sale at this time can be kept by your client after June 2010. Some of the benefits under the current plans will not be available on the new plans. Anyone that purchases a plan with an effective date prior to June 1, 2010 will be able to keep their newly purchased plan and their benefits will be guaranteed renewable for life.

Summary of Changes:

- Policyholders may keep their existing coverage issued prior to 6/1/2010 and will not be required to change or buy a new plan.
- Plans E, H, I, and J, will no longer be available for new sales.
- Eliminates "At-Home Recovery" and "Preventative Care not covered by Medicare" benefits.
- Plan G will be modified to increase excess charges to 100% and remove the At-Home Recovery benefit.
- Plan D will also have the At-Home Recovery benefit removed.
- All plans will have a new Hospice benefit added under the Basic benefits
- Two new Plans M & N will be available with cost sharing options for the client.

Hospice Benefit: Medicare pays for all but very limited co-payments for outpatient drugs and inpatient respite care. Medicare provides coverage for drugs prescribed for pain and symptom management less a co-payment amount of up to \$5.00 when receiving hospice benefits in the home. The Hospice Benefit will pick up this co-payment amount.

Medicare provides coverage for inpatient respite care up to 5 days less a co-payment amount of 5% of the daily benefit. The new Hospice benefit will pick up this 5% co-pay. Example: If Medicare normally pays \$100 per day for inpatient respite care, the client would be responsible for the 5% co-pay (\$5.00) up to five days, or \$25. The new Hospice benefit would pay the \$25. *Research from the Department of*

Health & Human Services showed that only 2% of all hospice beneficiaries received respite care in 2005.

Product Strategy:

As we mentioned, we will deploy a new set of standardized Medicare Supplement plans in beginning with various states in March 2010. We are also preparing agent education pieces to help you explain the new cost-sharing Plan N, with co-pay examples. Rest assured we will position our company to be your carrier of choice in 2010 and beyond. And, we are doing what we can to help you keep the business you have already written and the business you will write with the existing plans so you do not have to re-sell your client to a new plan. Below, you will find a link to the letter we are sending with every new Med Supp policy that will explain the upcoming changes:

<http://agentview.gafri.com/GASBAgent/Cache/Forms/GASBG-1-0018.pdf>

Frequently Asked Questions:

Can my clients keep their existing plan?

Absolutely, we encourage your clients to keep their existing plan. Some of the current plans contain valuable coverage that will not be available in any plan in June of 2010. In fact, all policyholders may keep their old or current policies.

Will I be paid commissions on the plans that are in-force now after June 1, 2010?

Yes, as long as you are an agent in good standing with our company, you will be paid commissions per your contract and commission schedule agreement.

What if my client wishes to switch to a plan that covers the new Hospice benefit?

Many agents we have visited with feel some of the benefits on the current plans provide richer benefits than the coverage afforded under the new hospice benefit. However, if your client wishes to switch plans then our Conservation Department will have procedures in place to assist with this which we will unveil in the next few months.

Look to Great American Supplemental Benefits Group to continue to be a leader in the Medicare Supplement field. The senior marketplace has never been stronger and our full portfolio of senior products will ensure you have access to what you need for every one of your clients.