



August 18, 2005



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BROKER BRIEFINGS **NEWS** *flash*

HDHP 2006 Design Changes: Rx Integration and Deductible Changes

In anticipation of the required plan design changes that will take effective on January 1, 2006 for our Good Health Savings Plan HDHPs, RMHP created an informational flyer that has been sent out to your clients currently enrolled in an HDHP.

The attached flyer provides your client with the benefit change information they can expect to see on January 1st, 2006. Those changes include the prescription drug integration into the medical deductible, and for those employer groups enrolled in the HDHP 1000, the potential change to the minimum deductible.

RMHP will not be changing rates on January 1st across the board. This notification explains that the rate impact, as a result of the HDHP benefit changes, will occur at the employer group's renewal date. The rate impact will vary, depending on the HDHP deductible level. The Rx integration will impact groups as will the anticipated increase in minimum deductible levels on the HDHP 1000.

A copy of the flyer was sent to all brokers who currently have clients enrolled in a Rocky Mountain Good Health Savings Plan. The flyer is attached with this e-mail.

One clarifying point: An employer group currently enrolled in a Rocky Mountain Good Health Savings Plan HDHP with NO Rx rider, will see no changes to their Rx coverage on January 1, 2006.

4th Quarter HDHP plan offerings

RMHP will offer our Good Health Savings Plans with the NEW Rx integrated plan design for **new group business and renewal plan changes effective October 1, 2005**. We will no longer offer HDHPs with the stand-alone drug rider after September, 2005 to minimize the transition required for January, 2006. An updated rating tool, along with new Benefit Summaries and Plan Description Forms will be available by September 1st, 2005.



BROKER BRIEFINGS NEWS FLASH

Good Health Savings Plans HDHPs – Change in Deductible Carry-over Policy for January 1, 2006

Effective January 1, 2006 the following deductible carry-over policy will be implemented for our HSA-qualified High Deductible Health Plans. The deductible carry-over and deductible credit policy for group plans other than HDHPs are also listed here:

4th Quarter Deductible Carryover

Definition: The amount paid by a member toward satisfaction of a deductible during the last three consecutive months of a calendar year that is applied toward satisfying the deductible for the following calendar year.

Deductible Carry-over POLICY For 2006

Group Plans (non-HDHP)	HDHP Group Plans
Allowed	Not Allowed

Deductible Credit

Two Credit Policies:

Year-to-date deductible credit: This is the total amount of deductible paid by the member under the former coverage during the current calendar year that is credited toward satisfaction of the deductible under the new health care plan.

Calendar year-to-date (ytd) 90-day deductible credit: This is the amount of deductible paid by the member under the former coverage limited to the past 90 days and only amounts incurred in the current calendar year that is credited toward satisfaction of the deductible under the new health care plan.

Example 1: Member enrolls on a new plan 2/1/06. Only deductible amounts incurred in January will be credited toward the new plan's deductible.

Example 2: Member enrolls on a new plan 8/1/06. Only deductible amounts incurred in May, June, and July will be credited toward the new plan's deductible.



BROKER BRIEFINGS NEWS FLASH

Deductible CREDIT POLICY For 2006

Enrollment Scenario:	Group Plans (non-HDHP)	HDHP Group Plans	Current Policy (2005) HDHP 2650 /3250
Members who change from one RMHP plan to another RMHP plan with the same employer group	Allowed*	Calendar ytd 90-day deductible credit only*	Calendar ytd 90-day deductible credit only*
Members who change from one RMHP plan to another RMHP plan with a different employer group	Year-to-date deductible credit only*	Calendar ytd 90-day deductible credit only*	Calendar ytd 90-day deductible credit only*
Members who enroll on a RMHP plan from another carrier	Year-to-date deductible credit only*	Calendar ytd 90-day deductible credit only*	Calendar ytd 90-day deductible credit only*

* Is not allowed if there is more than a 31 day lapse in coverage between plans

** Is not allowed if there is any lapse in coverage between plans

Thank You!

As always, if you have any questions or comments or need assistance, please call your Rocky Mountain Health Plans Account Executive.

Grand Junction 970-244-7760 or 800-453-2981	Denver 303-689-7367 or 800-823-8356
Durango 970-385-5131 or 888-662-6489	Pueblo 719-253-3900 or 888-332-8963
Glenwood Springs 970-928-8618 or 800-793-1339	Colorado Springs 719-632-1237

Notice to Rocky Mountain Health Plans Employer Groups

Important Information About Your Good Health Savings Plan High Deductible Health Plan

High Deductible Health Plans (HDHP) and Health Savings Accounts (HSA) were designed to change over time to keep pace with inflation and to continue to be a valuable asset to your future savings for medical expenses. Here are some changes you can expect to take effect January 1, 2006.

Good Health Savings Plans — Prescription Drug Coverage

Effective January 1, 2006, prescription drugs will become subject to the medical plan deductible and will apply toward the annual out-of-pocket maximum. This means individuals must meet their deductible by paying for covered health care services, prescription drugs, and supplies before RMHP begins paying a portion of the costs. This change is required by the U.S. Treasury Department.

The prescription drug benefit of your HDHP will change on January 1. Instead of paying a different copayment for generic, brand, preferred brand, and specialty brand drugs, members will pay the same percentage coinsurance for prescription drugs as they pay for medical services once their medical deductible is met. For example, each time a prescription is picked up at the pharmacy, members will pay 20% of the cost of that prescription. Once the member's coinsurance payments equal the plan's annual out-of-pocket maximum, then RMHP will pay 100% of the cost of prescription drugs.

If your Rocky Mountain Good Health Savings Plan offers 100% coverage after the deductible (HDHP 2650, 3250, 5000), RMHP will pay 100% of the cost of prescription drugs once the deductible is met.

Good Health Savings Plans — HMO and PPO 1000 Plans

The IRS determines annual changes to the minimum deductible amount for a qualifying HDHP. The change is based on the consumer price index and may be adjusted annually to keep up with inflation. The IRS will tell us in November whether or not the minimum deductible amount for your plan will increase. If it increases, the deductible on your HDHP 1000 plan will increase accordingly, effective January 1, 2006.

Rate Impact

These benefit changes must take place on January 1, 2006. If your employer group anniversary is in January, your premium renewal will reflect these benefit changes. Depending on your benefit plan and the prescription drug coverage you have now, the premium adjustment for these benefit changes will represent 1% - 5% as an increase or decrease in your overall renewal premium adjustment.

Employers with an anniversary other than January will have NO rate adjustment for these benefit changes until their renewal.

If you have any questions, please call your Account Manager, and as always, your broker can offer assistance too.