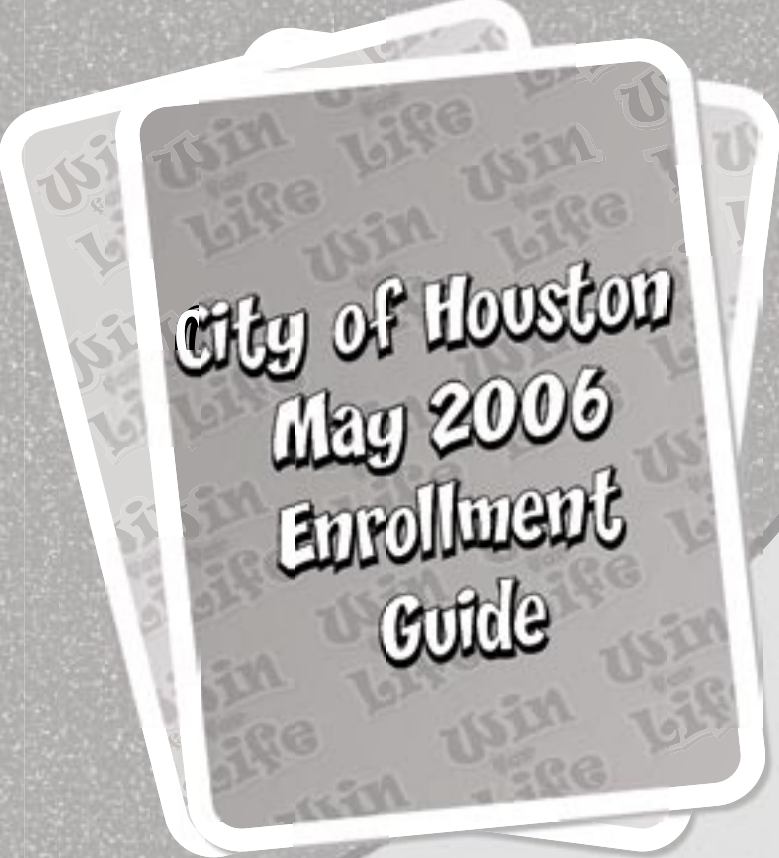


Medicare Advantage Plan



Win for Life

Making SMART health choices



**City of Houston
May 2006
Enrollment
Guide**

Suitable for all Medicare retirees
1 or more members required

MEDICARE ADVANTAGE PLAN ENROLLMENT 2006

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How do I learn more about these plans?

TexanPlus and Texas HealthSpring are both similar in plan design to the HMO Blue Texas HMO. In some benefits, these plans are more generous – especially in out-of-pocket costs. You'll recognize many of the doctors listed. See page 4 for a comparison of the plans.

To request an enrollment package or provider directory, please contact the plans directly.



TexanPlus

(866) 556-4614

www.sctexas.com



Texas HealthSpring

(800) 846-2098

www.texashealthspring.com

Dear Retirees:

Your neighbors and relatives all over the United States are struggling with affordable health coverage. Companies struggle to provide benefits, and to keep them affordable for retirees. Medicare Part D is a great idea, but is confusing for some. Your city retiree health plan is the simple, low-cost solution to all 3 of those problems!

The two Medicare Advantage plans offered by TexanPlus and Texas HealthSpring can significantly lower your monthly expenses for health care, without compromising the services you are used to receiving. As of February 2006, over 1,300 of your fellow retirees and dependents are enrolled in these cost-savings plans.

After rigorous RFP competition for the HMO and PPO plans this winter, the city will retain the relationship with Blue Cross Blue Shield for 3 more years. Though the HMO cost increase for next year is only single-digit, costs in the PPO are much higher. Those increases will be shared with participants in May 2006. See page 6 for your new HMO and PPO contributions.

That is a good reason to consider a Medicare Advantage plan now. Retirees enrolled in these plans can save 94 to 95-percent on your monthly premiums. Monthly premium for TexanPlus is \$5 for one retiree. Texas HealthSpring coverage cost is \$7.50 per month for one retiree, less than what you'd pay for a downtown movie ticket.

Both plans offer new information for you to consider. See pages 4 and 10 for details. New for May 2006 are new physicians, expanded service in Brazoria County, and a restored mail order prescription drug benefit. (See page 4 for a comparison of cost-saving benefits.)

Enrollment begins in March and elections will become effective on May 1, 2006.

I encourage you and your Medicare-covered dependents to strongly consider enrolling in one of the city-sponsored Medicare Advantage plans. I am convinced that if utilized as designed, these Medicare Advantage plans provide the most cost-effective health care available for retirees. They have certainly sustained my confidence in them.

It is a privilege and an honor to serve as your mayor.

Respectfully,

Mayor 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.

MA plans that are offered here are similar to HMOs. You must choose a PCP and use network providers. When you enroll in this type of plan, Medicare pays a monthly amount to TexanPlus and Texas HealthSpring to cover your Medicare benefits, instead of Medicare. That means these MA plans cover everything Medicare covers and more. Medicare writes most of the rules that the vendor and retiree must follow. These plans will replace your HMO or PPO plan and Medicare.

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. They offer familiar HMO-type benefits for lower cost than a traditional health plan.

TexanPlus and Texas HealthSpring are managed locally. Medicare believes that contracting with local health plans helps better manage retiree health benefits. So Medicare pays MA plans for maintaining contact with the local retirees – something Medicare cannot do for 47 million retirees in America. That is why MA plans cost less than traditional HMOs.

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

- Your contribution for health coverage for one person is only \$5 or \$7.50 per month. That's about the cost of a meal from Luby's. Compare that to the \$107.32 per month cost to enroll in the HMO.
- Copayments are 45-75 percent lower for a visit to the PCP and specialist.
- Most other copayments are lower, as you can see from the chart on page 4.
- The plan design is still familiar to you.
- You can get the equivalent of the Medicare Part D drug benefit from these plans without paying a 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 an MA plan on the first day of any month in 2006. 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 Jan. 1, 2007 or May 1, 2007.

What are your options during open enrollment?

- Enroll in TexanPlus or Texas HealthSpring for yourself only.
- Enroll in TexanPlus or Texas HealthSpring for yourself and your Medicare-covered dependents.
- Enroll in TexanPlus or Texas HealthSpring 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 opportunities to return will be on Jan. 1, 2007 and 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 the plan's service area.
- 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.

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

What's New?

1. The city offers another chance to enroll in TexanPlus and Texas HealthSpring for May 2006.
2. The mail-order prescription benefit is improved in Texas HealthSpring. Both plans' prescription benefits are at least equivalent to Medicare Part D.
3. The monthly premium for TexanPlus is still \$5/month for one retiree, and \$7.50/month in Texas HealthSpring.
4. There are 120 new doctors in TexanPlus and 126 new doctors in Texas HealthSpring.
5. Changes to the HMO and PPO are described in the Employee and Retiree Enrollment Guide.

Important dates

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

1. Forms are due to the city by April 30, 2006, for coverage to begin May 1, 2006.
2. Forms received after April 30, 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 that you want coverage to start. If you want to pay the lower premium on May 1, the benefits division should receive your form by April 3. If we don't, you will receive a refund for the higher premium for May 1.

We urge you to consider participating in one of these two plans.

Don't miss the boat. Get on board for quality, accessible and more affordable health care.

See page 13 for information on how to enroll and disenroll.

Winning Tip

What you will be receiving to help you enroll:

- This enrollment guide
- A comparison chart
- Health plan change form
- Dental plan change form
- Life insurance beneficiary form
- Communication from Texas HealthSpring and TexanPlus describing how you can request more information from them



Winning Tip

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



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. See the comparison chart for more details.

- Familiar physician networks: Kelsey-Seybold's Houston-area physicians in **TexanPlus**; Renaissance physicians in **Texas HealthSpring**.
- Some physicians who are not in the HMO Blue Texas network.
- Plan design is similar to or, in most cases, more generous than HMO Blue Texas HMO.
- The prescription benefits are similar to the HMO and PPO drug copayment structure, although there are differences in drug formularies.
- Access to familiar retail pharmacies like CVS, Walgreens, HEB, Kroger, Randalls and others.
- Access to state-of-the-art medical facilities like St. Luke's and Methodist hospitals.
- Urgent-care center locations so convenient they could almost be considered a house call.
- Both plans offer dramatic savings in monthly contributions and doctor-visit copayments.

Savings? Okay, show me the money.

- Lower monthly contributions: 94 to 95-percent savings on "retiree only" monthly contributions. See page 6 for the contribution chart. In 12 months, it is expected that more than 1,300 participating retirees and dependents will save more than \$1 million in premiums by enrolling in an MA plan.
- Lower out-of-pocket costs on many services including:
 - 45 to 75 percent savings on PCP and specialist visits;
 - \$100 savings on emergency room visits;
 - Inpatient hospital care and mental health care;
 - Durable medical equipment;
 - No copayment for home health-care visits; and
 - **Texas HealthSpring** provides free: up to 15 round trip rides per calendar year to plan-approved health facilities such as doctor appointments, hospitals and pharmacies.

How can such benefits be provided at a lower cost?

- All health care issues are managed locally.
- Plans have a smaller network of physicians and medical centers.
- The federal government is shouldering most of the financial responsibility.

Winning Tip

You may receive other mailings from TexanPlus and Texas HealthSpring offering plans that don't look nearly as good as these. Don't be confused. They are the "street versions" of these plans offered to your neighbors, which don't have the same benefits. All city materials will have the city seal on them, as well as the TexanPlus or Texas HealthSpring logos.



Plan features for medical plans

The following MA plan features became effective Jan. 1, 2006 with the exception of Texas HealthSpring's Prescription mail-order copayment, which will become effective May 1, 2006, the HMO/PPO structure remains. Refer to the evidence of coverage for TexanPlus or Texas HealthSpring, or to the HMO/PPO medical plan summary document for covered benefits and exclusions. Refer to the detailed comparison chart for a complete comparison.

Plan features for medical plans				
Plan feature	What you pay			
	HMO	PPO in-network	TexanPlus	Texas HealthSpring
Deductible (Individual/Family)	N/A	\$200/\$600	N/A	N/A
PCP office visit copayment	\$20	\$30	\$5	\$10
Specialist office visit copayment	\$45	\$50	\$25	\$25
Routine physical copayment	\$20	\$30	\$0	\$0
Well woman/man exam	\$0	\$0	\$0	\$0
Inpatient admission copayment/coinsurance	\$500	\$500 + 20%	\$300	\$275
Emergency room	\$150	\$150 + 20%	\$50	\$50
Ambulance	\$100	20%	\$50	\$100
Outpatient surgery	\$200	20%	\$125	\$200
Prescriptions (30-day supply) participating pharmacy copayment			(31-day supply)	
Generic	\$10	\$10	\$10	\$10
Preferred brand	\$30	\$30	\$30	\$30
Non-preferred brand	\$45	\$45	\$45	N/A
Specialty drugs	\$45	\$45	\$45	\$45*
Prescriptions (90-day supply) mail-order copayment				
Generic	\$20	\$20	\$20	\$20
Preferred brand	\$60	\$60	\$60	\$60
Non-preferred brand	\$90	\$90	\$90	N/A
Specialty drugs	\$90	\$90	\$90	\$90*
Prescriptions special copayments				
Medicare Part B	Included under "Non-preferred brand" copayments listed above		20% up to \$1,500	15% up to \$1,000

* Prior authorization required

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

- Wednesday, March 22, 10 a.m.
- Tuesday, March 28, 10 a.m.
- Thursday, March 30 1:30 p.m.
- Monday, April 3, 1:30 p.m.
- Thursday, April 6, 10 a.m.
- Wednesday, April 12, 1:30 p.m.
- Thursday, April 20, 10 a.m.

Be sure to bring your enrollment packages.

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.
- You may elect an MA plan.
- Your dependent may elect 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 Jan. 1, 2007.

If you are currently enrolled in:	You may enroll in one of these plans during this enrollment.			
	HMO	PPO	TexanPlus	Texas HealthSpring
HMO	yes	yes	yes	yes
PPO	yes	yes	yes	yes
OOA	no	no	yes*	yes*
TexanPlus	yes	yes	yes	yes
Texas HealthSpring	yes	yes	yes	yes

*If you live in the service area.

CONTRIBUTIONS

We expect to spend \$231 million in health care in FY07. That buys a lot of health care for you, but that expense is rising faster than the city's General Fund income. Intense competition for the HMO and PPO plans — and a little help from you -- will help keep costs manageable next year. We also have a good idea of next year's cost, so we can plan for two years now. Plan cost increases to HMO and PPO are 6.74 percent, beginning May 2006. PPO costs are increasing at a much faster pace than the HMO – 30.5 percent. Medicare Advantage plan rates remain the same as announced in January 2006.

Winning Tip

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

Overall, the city contributes 78 percent of the aggregate plan cost. It will change to 77 percent in May 2006. In addition, the PPO contribution will be calculated according to a “defined contribution” strategy, as displayed in the chart below. Here's what that means to you, in terms of your monthly contributions:

- HMO contributions will increase 8.8 percent, across all tiers.
- PPO contributions will increase from 14 percent to 59 percent, with most increases around 30 percent.
- Medicare Advantage plans contributions will not increase in May 2006 – still \$5 and \$7.50 per month.

See the chart on page 6 for retiree contributions.

The Medicare Advantage plans offer distinct financial advantages. You have great health care, and four excellent choices, at that ... HMO, PPO, TexanPlus and Texas HealthSpring.

Winning Tip

Plan A: We still offer Plan A for the 17 retirees currently enrolled. Costs will increase 6.6% for Plan A members. You do not need to do anything to remain enrolled.

An example of how to calculate your rate

If some of your covered family members elect an MA plan and some remain in the HMO or PPO plan, your contribution will be calculated in a different manner.

If you are an HMO participant: Retiree + One; both are Medicare eligible, but only one elects an MA plan, (Texas HealthSpring):

- Refer to the chart on page 6. Go to the heading, “Retiree + One (Both have Medicare).” You will pay \$209.32 if you stay in the HMO.
- Find line #3 that states, “One elects an MA plan / one keeps city plan.” Follow line #3 across adding \$107.32 (HMO rate) + \$7.50 (Texas HealthSpring rate).
- Your new contribution deducted from your pension check will be \$107.32 + \$7.50 = \$114.82. You save \$94.50 per month.

What else can you buy for \$7.50?

- Luby's baked fish platter
- 3 gallons of gasoline
- a bottle of 500 aspirin at a superstore
- 2 pots of flowers at a nursery
- 2 magazines
- bucket of bait
- 1 ½ lbs of fresh shrimp
- 1 6-pack of Ensure
- bottle of wine

Strategy for PPO contributions

PPO contributions for employees and retirees are defined by the city's contribution to the HMO plan, by tier. The city contribution for the retiree-only tier of the HMO is what the city will contribute to the same tier in the PPO. For example, the city will contribute \$335 to the HMO for Retiree-only with Medicare. The city will contribute \$335 to the PPO.

Effective May 1, 2006	Retiree only, with Medicare		Retiree and one, both with Medicare	
	HMO	PPO	HMO	PPO
Total monthly premium	\$442	\$686	\$884	\$1375
City monthly contribution	\$335	\$335	\$675	\$675
Retiree monthly contribution	\$107	\$351	\$209	\$700

Contribution chart for May 2006

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 TexanPlus or Texas HealthSpring.

New rates for Medicare Advantage plans became effective Jan. 1, 2006.
New rates for the HMO and PPO will become effective May 1, 2006.

Contribution chart for May 2006				
Family Coverage Category	Contributions			
	HMO*	PPO*	TexanPlus	Texas HealthSpring
Retiree Only (With Medicare)	\$107.32	\$351.26		
1 Retiree elects an MA plan	-	-	\$5.00	\$7.50
Retiree + One (Both have Medicare)	\$209.32	\$398.98		
2 Both elect an MA plan	-	-	\$10.00	\$15.00
3 One elects an MA plan / one keeps city plan	\$107.32	\$351.26	\$5.00	\$7.50
Retiree + One (Only one has Medicare)	\$214.70	\$907.22		
4 One elects an MA plan / one keeps city plan (less than 65)	\$101.54	\$366.94	\$5.00	\$7.50
5 One elects an MA plan / one keeps city plan (age 65+)	\$344.06	\$526.88	\$5.00	\$7.50
Retiree + Family (Two have Medicare)	\$332.78	\$913.82		
6 Two elect an MA plan / one keeps city plan (less than 65)	\$101.54	\$366.94	\$10.00	\$15.00
7 Two elect an MA plan / two keep city plan (both are less than 65)	\$299.58	\$939.50	\$10.00	\$15.00
8 Two elect an MA plan / two+ keep city plan (all are less than 65)	\$467.16	\$1,308.72	\$10.00	\$15.00
9 One elects an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$214.70	\$907.22	\$5.00	\$7.50
10 One elects an MA plan / two+ keep city plan (1 is 65+, 2 are less than 65)	\$364.98	\$995.06	\$5.00	\$7.50
Retiree + Family (Two with Medicare + one 65+ w/o Medicare)	\$332.78	\$913.82		
11 Two elect an MA plan / one keeps city plan (age 65+)	\$344.06	\$526.88	\$10.00	\$15.00
12 Two elect an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$722.52	\$1,106.44	\$10.00	\$15.00
Retiree + Family (Three w/ Medicare)	\$332.78	\$913.82		
13 Three elect an MA plan	-	-	\$15.00	\$22.50
14 Three elect an MA plan / one keeps city plan (1 is less than 65)	\$101.54	\$366.94	\$15.00	\$22.50
15 Three elect an MA plan / two keep city plan (both are less than 65)	\$299.58	\$939.50	\$15.00	\$22.50
16 Three elect an MA plan / two+ keep city plan (all are less than 65)	\$467.16	\$1,308.72	\$15.00	\$22.50
17 Two elect an MA plan / one keeps city plan (age 65+)	\$107.32	\$351.26	\$10.00	\$15.00
18 Two elect an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$214.70	\$907.22	\$10.00	\$15.00
19 Two elect an MA plan / two + keep city plan (1 is 65+, 2 are less than 65)	\$364.98	\$995.06	\$10.00	\$15.00
20 One elects an MA plan / two keep city plan (2 are 65+)	\$214.70	\$398.98	\$5.00	\$7.50
21 One elects an MA plan / two+ keep city plan (2 are 65+, 1 is less than 65)	\$332.78	\$913.82	\$5.00	\$7.50
Retiree + Family (Only one has Medicare)	\$364.98	\$995.06		
22 One elects an MA plan / two keep city plan (both are less than 65)	\$299.58	\$939.50	\$5.00	\$7.50
23 One elects an MA plan / two+ keep city plan (all are less than 65)	\$467.16	\$1,308.72	\$5.00	\$7.50
24 One elects an MA plan / two keep city plan (1 is 65+, 1 is less than 65)	\$722.52	\$1,106.44	\$5.00	\$7.50
25 One elects an MA plan / two+ keep city plan (1 is 65+, 2 are less than 65)	\$1,238.60	\$1,370.74	\$5.00	\$7.50

*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 TexanPlus or Texas HealthSpring.



PRESCRIPTION HIGHLIGHTS

Everyone has an ear tuned to prescription drugs these days. Every retiree and every health plan are concerned about the rising costs. We know how important prescriptions are in keeping you healthy, stable, or out of the hospital. The city expects to spend more than \$35 million in prescription benefits in this plan year. Almost half of that is for retirees.

Both MA plans recognize the value of prescriptions for Medicare members. That is why their prescription benefits are more generous than Medicare Part D. Texas HealthSpring has improved the mail-order benefit beginning May 1, 2006.

Prescription benefits

The chart on page 4 describes the prescription benefit provided by TexanPlus and Texas HealthSpring. It includes coverage for Part B and specialty drugs. Under TexanPlus, Part B drugs used for catastrophic illnesses require you to pay 20 percent of the cost up to \$1,500. Texas HealthSpring requires you to pay 15 percent of the cost until your 15 percent reaches \$1,000.

MA plan testimonial

Wilbert Eichenhorst

- Police Officer
- 35 years
- TexanPlus

“It’s going to reduce what I pay into the plan, and I’m getting the same benefits as I was getting ... So why not join if it’s going to cost less and give you the same benefit.”

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 you enrolling in Part D. Your city-sponsored retiree health plans provide equivalent or better prescription coverage than Medicare offers in 2006.

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 month’s copayment. If you are using a non-preferred drug, the mail order plan will save you \$180 per year.

Plan	BCBS HMO & PPO	TexanPlus	Texas HealthSpring
Mail-order vendor	Prime Therapeutics	PharmaCare	Argus

Top ten retiree prescriptions

The chart below shows the top 10 medicines by cost taken by retirees, as of October, 2005 and their coverage under the HMO, TexanPlus and Texas HealthSpring.

Drug, Therapy Class	HMO Blue Texas	TexanPlus	Texas HealthSpring	Retail cost
	Formulary Tier			(30-day Supply)
Lipitor Cholesterol 20 mg tab	2	2	2	\$115.99
Plavix Anti-platelet 75 mg tab	2	2	2	\$132.99
Nexium GERD 40 mg capsule	2	2	not covered	\$144.99
Actos Diabetes 30 mg tab	2	2	not covered	\$178.99
Zocor Cholesterol 20 mg tab	3	3	2	\$147.99
Enbrel Arthritis 50 mg/ml injection	2*	3	3**	\$1,449.99
Prevacid GERD 15 mg capsule	3	2	2	\$139.99
Gleevec Leukemia 100 mg tab	2	3	3**	\$2,428.09
Advair Diabetes 250/50 mcg 60's	2	2	2	\$178.99
Lotrel High blood pressure 5/20 mg capsules	2*	2	2	\$86.99

* Included in step therapy program.

** Specialty drug requires prior authorization.

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 2006 serves as the model for Medicare Advantage formularies. View the 2006 formularies at these Web sites:

HMO Blue Texas
www.bcbstx.com

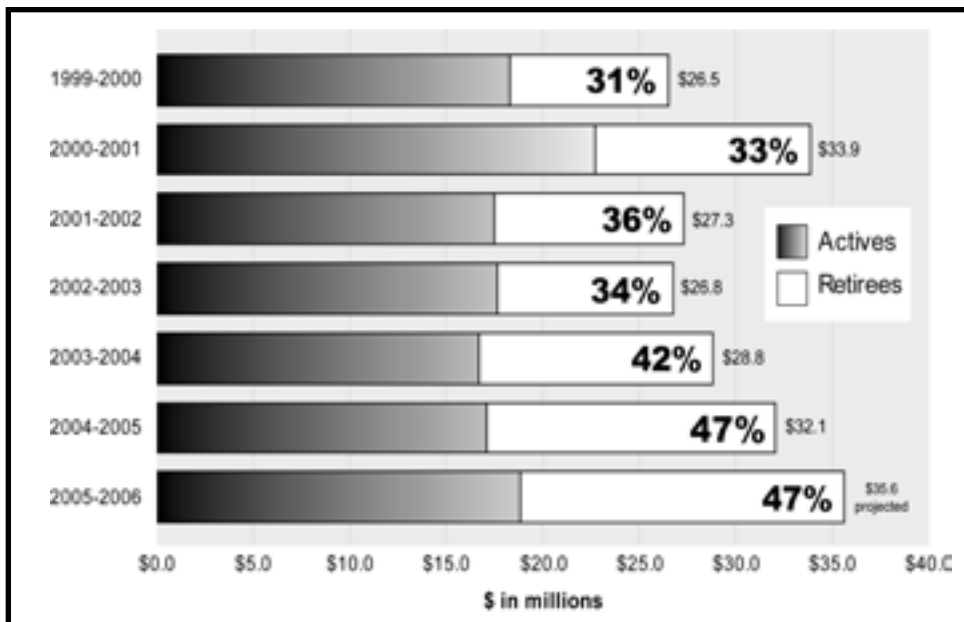
Texas HealthSpring
www.texashealthspring.com

TexanPlus
www.sctexas.com

Formularies may change each Jan. and May.

Retiree prescriptions as a percent of total prescriptions

In this plan year, the city expects to spend \$35 million on prescriptions for all plan members. Retiree prescriptions are projected to be almost 50 percent of that amount, almost \$17 million.

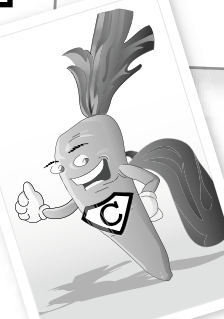


Winning Tip

To find a participating pharmacy for the HMO or PPO, go to www.bcbstx.com and use the pharmacy or provider finder option. For TexanPlus, go to www.sctexas.com or call (866) 556-4614. For Texas HealthSpring, go to www.texashealthspring.com. Click on provider directory and then on "2006 Pharmacy Directory."

Winning Tip

Texas HealthSpring will improve the copayment structure for mail-order prescriptions. See the chart on page 4 for the new copayments.



SERVICE AREAS

The maps below show the service areas authorized by Medicare for 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 Texas 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, Zavala. 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.

MA plan testimonial

Helen Cotton

- Dental Asst/Health
- 34 years
- Texas HealthSpring

“I would definitely recommend it (to other retirees).”

TexanPlus Service Area



Counties are:

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

Texas HealthSpring Service Area



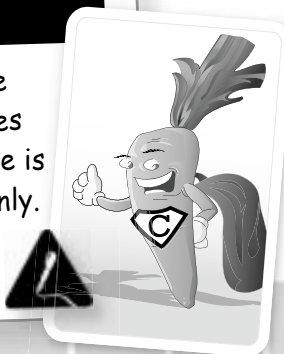
Counties are:

Angelina, Brazoria, Cameron, Chambers, Fort Bend, Galveston, Harris, Hardin, Hidalgo, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Orange, Polk, San Jacinto, Tyler, Walker and Waller



Important Note

If you travel outside the service area, only the emergency services are available. TexanPlus coverage is available in the United States only. Texas HealthSpring coverage is available worldwide.



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 10.

THINGS TO CONSIDER

Which plan is right for me?

To help you make that decision, the following charts present several considerations in choosing among the HMO, TexanPlus and Texas HealthSpring plans. The MA plans are compared to the HMO Blue Texas HMO.

1. Comparison of network physicians

You must select a PCP for all primary care. To see if your physicians are in a 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	HMO Blue Texas	TexanPlus	Texas HealthSpring
Clear Creek Clinic			X
Family Practice Associates			X
Heritage		X	
HispaniCare		X	
Independent Physicians	X		X
Integranet		X	
Kelsey-Seybold Clinic	X	X	
Memorial Clinical Associates		X	
PeopleFirst	X		
Physicians of East Texas			X
Renaissance	X		X
SEMNet Physicians Org.		X	
Southeast Regional LPO		X	
Village Family Practice		X	X
Total PCPs	1,430	378	614
Total Specialists	7,902	1629	952
Total Physicians	9,332	2007	1,566

2. Comparison of network hospitals

Listed below are just some of the hospitals in the HMO Blue Texas HMO, TexanPlus and Texas HealthSpring networks. For a complete list, check the Web sites or call one of the numbers in the contact box above. In an emergency, you may seek treatment at any hospital; however, you may be transferred to a network facility as soon as your condition is stabilized.

Hospital	HMO Blue Texas	TexanPlus	Texas HealthSpring
Angleton Danbury Medical Center		X	
CHRISTUS St. John		X	X
CHRISTUS St. Joseph	X	X	X
Clear Lake Regional Medical Center	X	X	X
Houston Northwest Medical Center			X
Houston Town & Country Hospital		X	X
Kingwood Medical Center	X		X
M.D. Anderson Cancer Center	X		
Memorial Hermann Hospital Syst.		X (9 facilities)	X (2 facilities)
Methodist Hospital	X		X (3 facilities)
Park Plaza	X		X
St. Luke's - Woodlands		X (Kelsey only)	
St. Luke's Episcopal Hospital	X	X (Kelsey only)	
Spring Branch Medical Center	X	X	X
Twelve Oaks			X
West Houston Medical Center	X		X
Women's Hospital of TX	X	X	

CONTACTS

HMO Blue Texas

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

TexanPlus

www.sctexas.com
 e-mail: cohinfo@sctexas.com
 (866) 556-4614

Texas HealthSpring

www.texashealthspring.com
 (800) 846-2098

Benefits Division

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

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.
- Pay the required premium to the city.
- Be enrolled in Medicare Parts A and B.
- Not have end-stage renal disease



This is not a complete list of hospitals. For a complete list, check the Web sites or call one of the numbers in the contact box above.

THINGS TO CONSIDER (CONT)

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	HMO	TexanPlus	Texas HealthSpring
CVS	X	X	X
HEB	X	X	X
Kelsey-Seybold	X	X	
Kroger	X	X	X
Randalls	X	X	X
Sam's Club	X	X	X
Target	X	X	X
Wal-Mart	X	X	X
Walgreens	X	X	X

4. Extra services

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

Texas HealthSpring

- Free rides to plan-approved health facilities such as doctor appointments, hospitals and pharmacies. Up to 30 one-way or 15 round trips per calendar year.
- Silver Sneakers fitness benefit provides access to health clubs with classes specifically designed for seniors. Full use of free weights, treadmills and other equipment.
- Discount hearing services provide up to a 30 percent discount for hearing aids from selected providers.
- Careington Dental Discount Services provide 20 - 50 percent savings on most dental procedures and 20 percent discount on specialty services, cosmetic dentistry, and teeth whitening.
- Other services include a newsletter, disease management, and wellness services.
- Personal Assistant Liaisons proactively engage members in THS' benefits plan. PALs will "reach out" to members and encourage them to use plan benefits, educate them about programs and services, and resolve members' problems. Members will receive a letter with the their PAL's name and contact information after they enroll. Or they can call (866)897-0828 and ask for their PAL.

TexanPlus

- Careington Dental Discount Services provides 20 - 50 percent savings on most dental procedures and 20 percent discount on specialty services, cosmetic dentistry, and teeth whitening.
- HearPO hearing discount services provide a 30 percent discount on hearing exams, up to 62 percent savings on hearing aids at participating providers, discounts on repairs and batteries, and access to the latest digital technology.
- TexanPlus will pay a one-time \$500 cash payment per covered member for the purchase of a hearing aid. You may use any hearing aid provider; however, you can receive up to a 62 percent discount if you go to HearPO. To receive your reimbursement, submit a copy of the receipt for your hearing aid to TexanPlus, and they will send a check to you for up to \$500.
- EyeMed provides discounted vision services and eye care. This includes a \$25 copay for an annual eye exam and discounts on frames and lenses. Look on page 95 of your provider directory for a list of network eye doctors.
- ElderCare services provide wellness assessments, someone to work with you to identify elder-care needs, ongoing support for maintaining an independent quality of life, significant discounts on senior housing alternatives and additional care services.
- 25 -50 percent membership discounts to participating health clubs through Careington.
- Other services include health education classes, a newsletter and disease management.

Tools to help you make your decision

By now you should be curious to know if an MA plan would work for you. Here are some questions to help you make that decision.

- Is your doctor in one of the MA plan networks? **See page 10.**
- If not, is there a new doctor you could select? **See page 10.**
- Is there a hospital that meets your needs in one of the networks? **See page 10.**
- Are your prescriptions available on one of the MA plan formularies in a lower tier - meaning lower copayment? **See page 8.**
- Is there a conveniently located pharmacy? **See page 11.**
- Do you live in the service area most of the year? **See page 9.**
- Are the medical services you use most often available for a lower cost in one of the MA plans? **See page 4.**
- Are there extra services offered by these plans that you like? **See page 11.**
- Do you ever need help getting to the doctor or drugstore? **See page 11.**

If you answer yes to most of these questions, you should give serious thought to trying an MA plan. The enrollment is simple, and the benefits are almost the same as in the HMO. You could save 94 to 95 percent in premiums by enrolling now.

Medicare's relationship to these MA plans

- Medicare has authorized 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 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.
- 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 2006.

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 Jan. 1, 2007 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;
3. Dependent may change plans and retiree can stay.



Dental plans

Let the games begin...

The city released a Request for Proposal for all health and dental plans last summer. Vendors proposed competitively, and the results are in your favor! Lower rates, better benefits, and the familiarity of the same players for at least 3 more years.



We're changing the name of the players, but not the game...

The city offers two dental plans: the Dental Health Maintenance Organization (DHMO) and the Dental Indemnity plan. We've signed contracts with National Pacific Dental Inc. for DHMO coverage and United Healthcare, Inc. for indemnity coverage. UHC purchased NPD and Spectera last year. So, if you notice UHC's name on any of your EOBs or enrollment information, it is because they are the new parent company.

If you would like more information about the dental plans, refer to the Employee and Retiree Enrollment Guide in your enrollment package.

Good news for those enrolled in the dental plans: costs less to get in the game...

On May 1, 2006, DHMO rates will decrease by 10% and the indemnity rates will decrease by 5%. The rates will remain flat for at least 3 more years. Great move, huh?

Also, as a result of the competition, several copayments under the DHMO have improved and additional services have been added. And in the indemnity plan, the annual benefit maximum will increase from \$1,000 to \$1,500 each year. The lifetime orthodontic maximum will increase from \$750 to \$1,000. These benefits will remain unchanged for the next three years. Contact the benefits division for a dental change form if you would like to change plans.

HOW TO ENROLL OR DISENROLL

Keeping the HMO or PPO

If you or your Medicare-covered dependent does not want to join 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 TexanPlus or Texas HealthSpring, 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 TexanPlus or Texas HealthSpring 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 either TexanPlus or Texas HealthSpring

- Request an enrollment packet from 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 April 30, 2006. Changes will be effective May 1, 2006. 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 April 30, 2006, will be effective the first day of the following month.

Disenrolling from TexanPlus or Texas HealthSpring

You may choose to enroll and disenroll 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. (Jan., May, 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.

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.

MA plan testimonial

Alice Maldonado

- Husband, Angel
- Mechanic/PWE
- 30 years
- TexanPlus

“I was surprised at the amount I’m paying now. It’s really good. I didn’t realize how much I would save. So it was real nice. I’m happy with it.”

Important Note

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

Effective Dates

- ▶ Disenrollment from TexanPlus or Texas HealthSpring 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 the 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.

Important Note

After enrolling in 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. You need only look for the package with the city logo from the program you have enrolled in.

Contacts

HMO Blue Texas

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

TexanPlus

www.sctexas.com
e-mail: cohinfo@sctexas.com
(866) 556-4614

Texas HealthSpring

www.texashealthspring.com
(800) 846-2098

Benefits Division

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

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.

Enclosed in your packet, you will find a "Beneficiary Change" form. You should consider your current life situation. If necessary, complete this form and return it to the City Benefits Division, P.O. Box 248, Houston, TX 77001. You may also use the postage-paid envelope in your packet.

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

The city of Houston reserves the right to change, modify, increase or terminate any benefits.

Medicare Advantage Plan Rules to Know

1. If you disenroll from an MA plan, you may re-enroll in your previous HMO or PPO. You should request re-enrollment at the same time that you apply to disenroll from TexanPlus or Texas HealthSpring. If you do not apply for the HMO or PPO within 31 days after your coverage ends in TexanPlus or Texas HealthSpring, you will lose the opportunity to re-enroll.
2. Your Medicare-covered dependent and you can each choose a different medical plan, or both of you can be covered under the same plan. You are not required to be covered under the same MA plan.
3. If your dependents are not eligible to participate in an MA plan, they may continue coverage under their HMO or PPO medical plan. All remaining dependents must be covered under one plan, the HMO or the PPO.
4. If you decide not to join an MA plan during this enrollment, you may join later. The plan will become effective the first of the month after the Benefits Division receives your form. To pay the lower premium when you are first covered, the Benefits Division must receive your application by the third of the month prior to the month that you want coverage to start. If you want to pay the lower premium on May 1, the Benefits Division should receive your form by April 3. If we don't, you will receive a refund for the higher premium for May 1 on your next pension check.
5. You may disenroll from TexanPlus or Texas HealthSpring effective the first of any month by submitting a disenrollment form. You must continue getting your medical services through TexanPlus or Texas HealthSpring until you are notified by the plan that your coverage has ended.
6. You must select a primary care physician to coordinate your medical care, just as in the HMO. Check TexanPlus and Texas HealthSpring's provider directory. Your physician might be in one of their networks.
7. If you prefer to keep the plans you are in for yourself and your covered dependents, **you do not have to do anything**. Your medical coverage will remain the same.
9. All monthly premiums will be deducted from your pension check.
13. You may enroll your covered dependents in the MA plans on the first of the month after they become eligible; become covered under Medicare Part A and Part B; and/or, they reside in the service area of TexanPlus or Texas HealthSpring.
14. When your dependents become ineligible they will be dropped from coverage. You must submit a status change form to the benefits division within 31 days.

If you do not drop them on time, they are still ineligible for coverage. You will not get a full refund beyond 60 days, and you may be responsible for any claims incorrectly paid on their behalf. You can get a benefits change form from the city of Houston Benefits Division. Call (713) 837-9400 or (888) 205-9266.
15. The Centers for Medicare and Medicaid Services has confirmed that city's four medical plans have all have creditable prescription drug coverage. This means that the prescription drug is equal to or better than Medicare Part D prescription drug plans. You and your covered dependents should not enroll in a Medicare Part D. The four city medical plans are the HMO, PPO, TexanPlus, and Texas HealthSpring.
16. If you enroll in an MA Plan, you may elect to return to the HMO or PPO within 90 days after enrolling, or January 1, 2007 or May 1, 2007. You must complete a City of Houston Medicare Advantage Disenrollment form. You must also complete a City of Houston Retiree Medical Election Form. Request these forms from the Benefits Division, (888) 205-9266 or (713) 837-9400.

City of Houston Health Fair

**GEORGE R. BROWN
CONVENTION CENTER
EXHIBIT HALL D**

**Thursday, April 20, 2006
9 a.m. to 2 p.m.**

**Free parking in lots 2 and 3 with city ID badge
or this announcement.**