Fall 2006 Newly Eligible Retirees letter

True catastrophic protection… a broad range of retiree health insurance plans at various levels of coverage and cost, all including Medicare Part D… national access to insurance wherever you decide to live… annual opportunity to switch among available coverages… emergency protection for up to 6 months while traveling worldwide… preventive services… and dental insurance…

Dear Colleague,

If any of the above features are attractive to you, this is the time to consider the Emeriti Program, offered under your institution’s Emeriti Retiree Health Plan. The Emeriti Program, made possible by substantial financial support from The Andrew W. Mellon Foundation, is designed exclusively for faculty and staff of institutions of higher education.

Please take a few minutes to review the enclosed materials about the Emeriti Program, which offers you the opportunity to choose from six different nationally available group health insurance plans, enables you to pay for out-of-pocket health expenses with tax-free savings, and allows you to invest on a tax-advantaged basis to pay for future health insurance premiums and other qualifying medical expenses.

But don’t wait too long. The enrollment period lasts until December 31st, with insurance effective January 1, 2007. And if you do not sign up for Emeriti during this period, you may not have another opportunity.

A NATIONALLY AVAILABLE PROGRAM OF GROUP HEALTH INSURANCE

Aetna Life Insurance underwrites each of the plans available to you under the Emeriti Program. Three of the plans are comprehensive plans, with major medical benefits as well as Medicare-approved Part D prescription drug coverage. Two plans are stand-alone Medicare-approved Part D plans. The sixth plan is a Private Fee-for-Service Plan, a version of Medicare Part C, which combines some of the attractive preventive services of HMOs with the personal choice of doctors and hospitals associated with traditional indemnity plans.

Perhaps the best part of the Emeriti Program is the flexibility it offers you, as your needs change. Unlike many retiree medical arrangements, where there is only one choice, the Emeriti Program has six, and all are nationally available. If you move to be closer to (or further away from) your children, you are still covered in your new location. And since you can switch your coverage to any of the other Emeriti offerings each year, you don’t need to start out over-insured, or wind up under-insured. The only
requirements are that you sign up when you are offered eligibility, and that you enroll in Medicare Parts A and B. And if you also want to insure your Medicare-eligible spouse, you will both have to take the same coverage. (If your spouse is under 65, there is separate insurance coverage available.)

Please see the enclosed material for information about the benefits and costs for the Emeriti plans. Note that you and your spouse can also add dental insurance to any of the medical or drug options.

AN INNOVATIVE WAY TO INVEST AND ACCUMULATE ASSETS TO PAY FOR HEALTH INSURANCE AND OTHER HEALTH EXPENSES IN RETIREMENT

The Emeriti Program also offers you the opportunity to invest funds to pay for your health insurance or an array of other out-of-pocket health expenses on a tax-advantaged basis. If your institution’s plan permits, you can make contributions on an after-tax basis to the Emeriti Health Accounts. Your money is invested in mutual funds managed by Fidelity Investments. When you make withdrawals to pay for health expenses, all assets, including earnings, are paid out tax free. For more information about the Emeriti Health Accounts, and all expenses for the Emeriti Program, please see the enclosed booklet, Welcome to the Emeriti Program.

ATTRACTIVE RATES WITH PLANS AT DIFFERENT PREMIUM LEVELS

Enclosed in this package is a customized rate sheet that gives the rate for each of the Emeriti plan options for your area of the country. If you are in good health and do not take many prescription drugs, you may find the comprehensive Plan III, or Plan V, the Part D prescription drug-only option, to be good choices; these plans both include standard Part D drug coverage, which receives the highest subsidy from Medicare, and therefore generally offers the lowest rates. Plan VI may also be a good choice for you; note that the rates for that plan vary considerably from county to county, based on the amount that Medicare pays to the private insurer. The rate for Plan VI in your area could be very low, rather high, or somewhere in between. (See the enclosed materials for more information about each of the plan options.) Whichever plan you choose for 2007, you have the comfort of knowing that you can switch to a different plan next year.

IMPORTANT POINTS TO REMEMBER

Education is a very important aspect of the Emeriti Program. We want you to be able to make an educated choice about your retiree health insurance coverage, so there is a lot of information in this package. You can also attend a workshop on campus, or call us at 1-866-EMERITI (1-866-363-7484) to speak to an Emeriti Specialist from Fidelity or Aetna, or visit our website at emeritihealth.org.

As you review the information, keep in mind the following:

- If you want to enroll your Medicare-eligible spouse in the Emeriti Program, you must both enroll in the same Emeriti Plan Option. This is also true for the dental insurance. You must both enroll or neither of you can enroll. (These requirements do not apply if your spouse is enrolled in the pre-65 insurance or is enrolled as an employee.)
- Dental insurance is available in addition to any of the Emeriti comprehensive or prescription drug-only plans. You cannot have dental insurance by itself.
• If you decide to enroll in the Emeriti insurance, do not sign up for another Part D plan from another source. Medicare’s rules specify that you can have only one Part D plan, and all of the Emeriti plan options include Medicare-approved Part D plans. If you sign up for another one, you will cancel your Emeriti coverage.

You have plenty of time to make the right choice of retiree insurance to meet your needs for 2007. Review these materials carefully; analyze the differences among the Emeriti insurance options; and understand the rules for enrolling in Emeriti and Medicare.

If you would like to enroll in Emeriti, please give us a call. We look forward to talking with you.

Sincerely,

Kenneth E. Cool
President