

SCAN Straight Talk



November 24, 2008

Pasadena



LA County

Welcome!



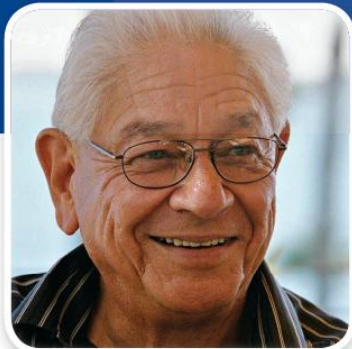
Roger Lapp
Sr. Vice President



Agenda

- SCAN Update
- Medicare Update
- 2009 Benefits
- Questions & Answers

SCAN Update



Dave Schmidt
Chief Executive Officer



SCAN Update

- Current membership 104,000+
- Excellent financial health
- Committed to not-for-profit status
- 4th largest not-for-profit Medicare health plan in the nation



Membership Update

| | |
|---|-------|
| Average Age | 76 |
| Members Over 100 | 182 |
| Members Over 90 | 6,717 |
| Females | 62% |
| Males | 38% |
| Percentage of Members with 3+ Chronic Conditions | 60% |
| Percentage of Members Taking at Least One Prescription Drug | 92% |
| Percentage of Members Receiving Home & Community Based Services | 26% |

SCAN Update

The SCAN Foundation

- Recently formed \$205-million charitable foundation lead by Bruce Chernof, MD
- Contribution by SCAN Health Plan possible through sound operations and strong reserves
- Goal is to develop innovative solutions to the healthcare needs of California's seniors
- Consistent with our legacy to be at the forefront of senior issues and to support the communities we serve

2009 Expansion Update

- New Medicare Advantage plan in Arizona
 - Over 2,000 existing members in Medicaid programs
 - Serving Phoenix
- Other expansions and new groups
 - Ojai in Ventura County (Ojai Community Medical Group)
 - Beaver Medical Group in Redlands, Banning, Highland, and Yucaipa

2009 Benefit Preview

- SCAN's unique in home assistance benefits remain in tact in 2009—**No changes!**
- Beginning January 2008 Medicare no longer reimbursing SCAN for in-home services
- SCAN has chosen to continue paying for in-home services through 2009 with no disruption in benefits
- In-home services are now administered telephonically
- Members effective with SCAN before 1/1/08 continue to have access to ILP, members effective with SCAN 1/1/08 and after continue to have in-home recovery benefits

2009 Benefit Preview

- Select generic drugs will be offered at \$0 co-pay in all counties
- New plan offering available in 2009 to meet different needs
 - Comprehensive coverage for medical needs (Classic Plan)
 - Additional healthy living options (SCAN Options)

We Heard You

- This year Medicare allowing health plans to reduce costs for annual provider directory mailing
- Only one directory per household vs. a directory for each member
- Members can complete “opt out” card which allows SCAN to send directory once every 3 years
- SCAN will continue to mail information to “households” when allowed
- Planning for electronic communications if members prefer per Medicare guidelines

SCAN 2009 and Beyond

Key Strategies

- Expansion in California and other states
- Improving operational efficiency through technology while preserving “high touch” service philosophy
- Committed to supporting programs and policies that help SCAN members remain healthy and independent

SCAN Guiding Principles

- Seniors are our only business
- We are member focused, mission driven
- We are committed to be an advocate for Medicare recipients, a senior voice in the public policy debate
- We are committed to do the right thing

Medicare Update



Open Enrollment

- Medicare Open Enrollment is Nov 15 thru Dec 31
 - Have one additional chance between January 1, 2009 and March 31, 2009 to switch plans
 - If you leave SCAN, you must select a plan with Part D coverage
 - If you want to stay with SCAN and the plan you have, do nothing

2009 Medicare Part B Monthly Deduction

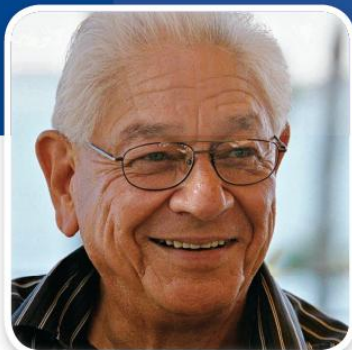
This is a monthly Social Security check deduction by Medicare—No change to most seniors

| 2009 | If Your Yearly Income is | |
|---------------------|--------------------------|---------------------|
| You Pay to Medicare | Single | Married Couple |
| \$96.40 | Under or=\$85,000 | Under or=\$170,000 |
| \$134.90 | \$85,001–\$107,000 | \$170,001–\$214,000 |
| \$192.70 | \$107,001–\$160,000 | \$214,001–\$320,000 |
| \$250.50 | \$160,001–\$213,000 | \$320,001–\$426,000 |
| \$308.30 | Above \$213,000 | Above \$426,000 |

Outlook for the Future

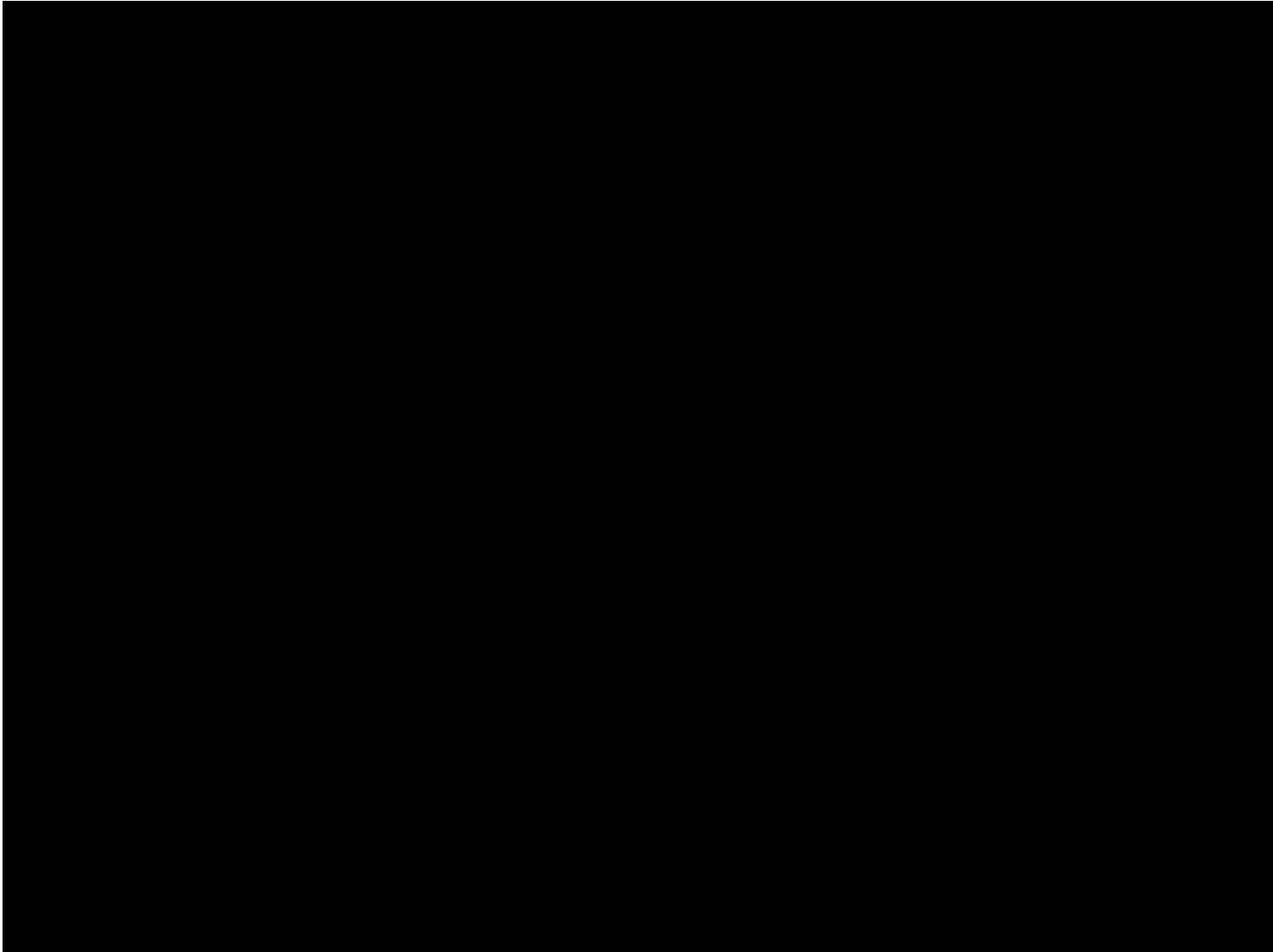
- New President Elect
- The Economy
- 2008 Legislative Updates:
 - New Medicare rules will impose more stringent oversight of sales practices and SNP (Special Needs Plan) requirements
 - SCAN will continue to push need for in home care and long term care solutions
- Outlook for 2010 and beyond

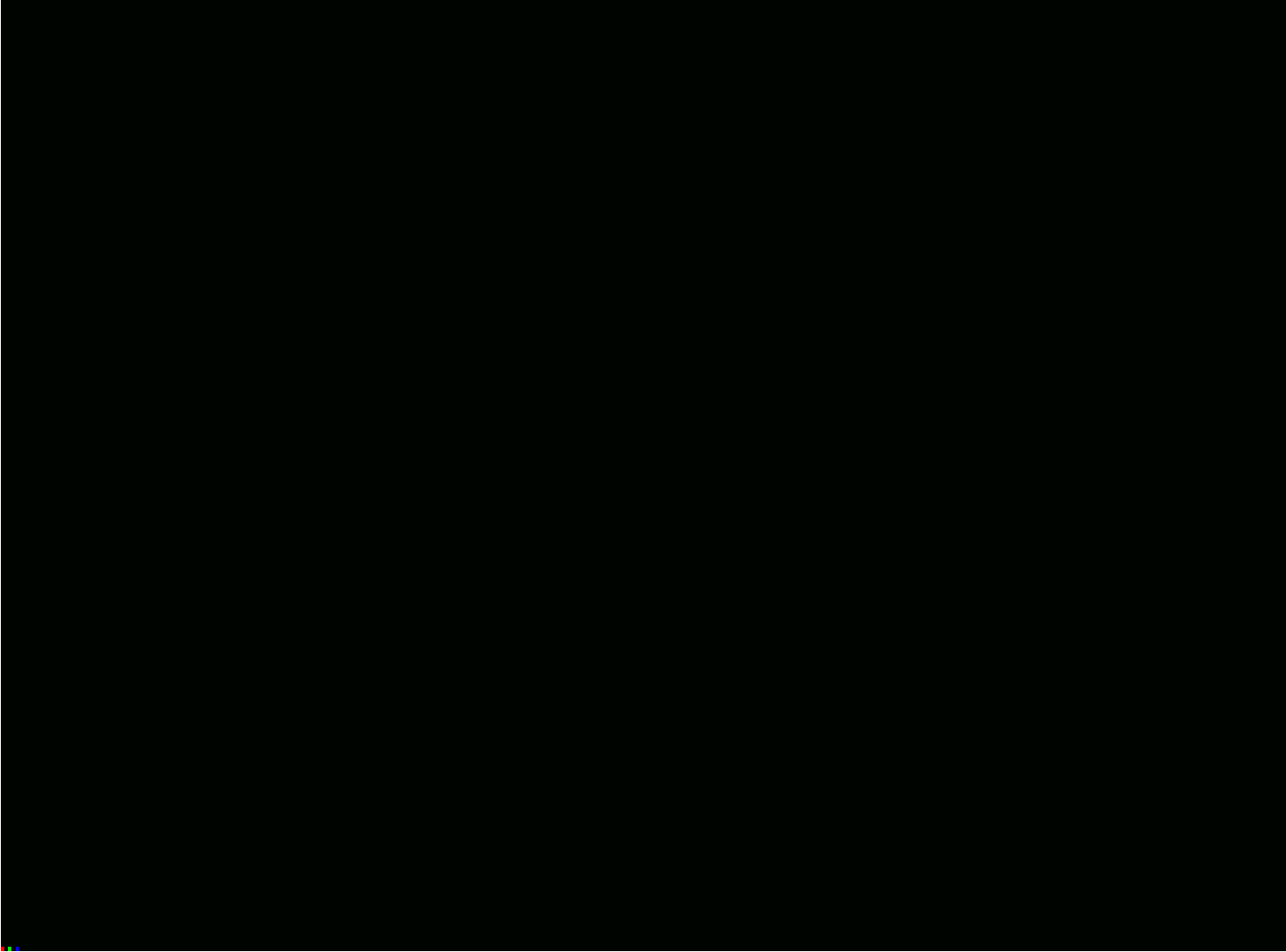
New SCAN TV Commercial



**Featuring SCAN
members and SCAN
staff**







SCAN 2009 Benefits



Sherry Stanislaw
Sr. Vice President

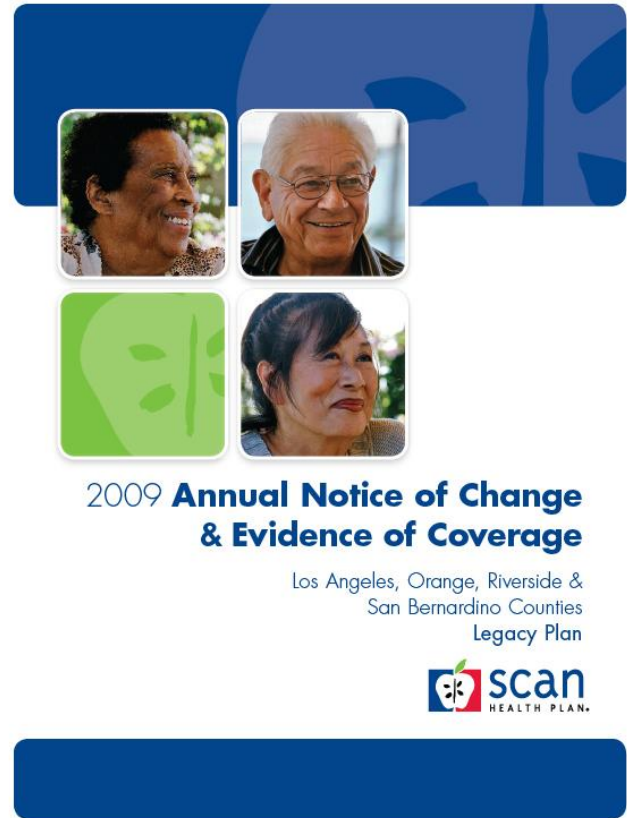


SCAN 2009 Benefits

- The benefits represented today are for Los Angeles County members
- The following benefits may not apply to:
 - Employer Retiree Groups
 - Medicare/Medi-Cal Members
- Member Services representatives are available to answer your questions

Annual Notice of Change

- All members receive an ANOC in the fall
- Contains info on benefit changes for upcoming year



SCAN 2009 Benefits

What is Not Changing

- No Premiums
- Doctor office co-pay
- Hospital co-pay
- Independent Living Power
- In-Home Recovery benefit
- Preventive screenings
- Hearing aid coverage
- \$0 co-pay for annual physical
- Transportation coverage

SCAN 2009 Benefits

What is Changing:

- SCAN's Pharmacy benefit has added a new tier called Select Generics
- 12 existing high volume medications will be moved to the Select Generic tier (64,000 + members filled at least 1 of these medications in 2007)
- You pay \$0 for Select Generics

SCAN 2009 Benefits

- Vision Benefit

- \$100 → \$75 allowance for glasses

- \$130 → \$100 allowance for contact lenses

- Eye Exams remain \$10 co-pay

SCAN Health Plan Choices



SCAN Plans in 2009

- **SCAN Legacy**—for members who enrolled prior to 1/1/08*
 - 81,000 + members (eligible for ILP services)
- **SCAN Classic**—for members who enrolled after January 1, 2008
 - 23,000 members (eligible for IHRB)
- **SCAN Options**—new plan for 2009

*No longer available to new enrollees

Key Features

- Health Club Membership - \$0
- Routine Chiropractic/Acupuncture - \$10
(10 combined visits per year)
- PCP/Specialist/Hospital - \$0
- Higher co-pays on ambulance/DME/etc.

Trade Offs

- Reduced Pharmacy Benefit
 - Higher co-pays
 - \$5 → \$10 Generics
 - \$28 → \$30 Brand
 - \$50 → \$60 Additional Brand
 - 25% → 33% Specialty Drugs
 - Reduced gap coverage
 - 4,000 ICL → \$2,700

Trade Offs (continued)

- Not all the Classic Plan benefits are available
 - No transportation
 - No hearing aid coverage

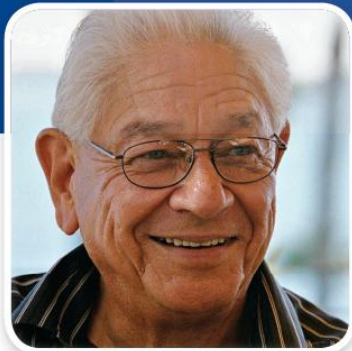
Things to Consider

- Pharmacy usage
- Transportation/Hearing Aid Needs
- Loss of access to ILP (Legacy Plan Members)
- Safety net coverage

If You Are Interested in SCAN Options

- Call Member Services after this meeting
 - Benefit specialists will assist you in plan comparisons
 - Changing plans within SCAN will be counted as a plan election
- If you like your current plan—no action needed

Pharmacy Benefits



Retail Pharmacy Co-Pays (31 Day)

| | 2009 Legacy / Classic | 2009 Options |
|-----------------------|-----------------------------|-----------------|
| Select Generic | \$0 | \$0 |
| Preferred Generic | \$5 | \$10 |
| Brand | \$28 | \$30 |
| Additional Brand | \$50 | \$60 |
| Specialty | 25% | 33% |

Pharmacy Updates

Catastrophic Coverage Limits

| 2008 | 2009 |
|---------|---------|
| \$4,050 | \$4,350 |

Low Income Co-Pays

| | 2008 | 2009 |
|-----------------|---------------|---------------|
| Generic drugs | \$1.05–\$3.10 | \$1.10–\$3.20 |
| All other drugs | \$2.25–\$5.60 | \$2.40–\$6.00 |

Value Added Rx

- Mail Order Refills
 - Pay only 2 co-pays for a 3 month supply of maintenance medications
- If not already using mail order starting is easy
 - Complete mail order form
 - Have your doctor write 90 day prescriptions
 - Mail in postage paid envelope
 - Allow 14 days for delivery

Value Added Rx

- The Pocket Prescription Card lists your maintenance medications to help reduce medication errors
- For use in a variety of settings, such as
 - Emergency situations
 - Speaking with healthcare providers
 - A visit to the pharmacy
- Updated and sent to members twice a year (February and August)
- Pocket Prescription Card survey

2009 Benefits Summary

Good News!

- Most medical benefits remain the same
- New \$0 Select Generic Tier
- New SCAN Options plan
- ILP benefits and IHRB benefits remain the same

Reminders

- We encourage you to **get your flu shot this year!**
- Seniors who get a flu shot before the end of the year will have the best protection for the flu season
- Staying active is key to maintaining your health and independence
- SCAN pedometers—a step in the right direction

Questions & Answers

