

UNICARE_{exchange}

A periodic publication for our UNICARE customers



UNICARE Keeps Growing

We are pleased to announce that UNICARE's parent company – WellPoint Health Networks – recently signed a definitive agreement to acquire Rush Prudential Health Plans in a transaction valued at approximately \$200 million. Based in Chicago, Rush Prudential is co-owned by Rush-Presbyterian-St. Luke's Medical Center and Prudential Insurance Company of America.

This alliance provides an excellent opportunity for UNICARE customers in the Illinois area. Rush Prudential's more than 300,000 members combined with UNICARE's 285,000 medical members throughout the state will create Illinois' second largest managed care company. In addition, Rush Prudential's close relationships with providers and physician and hospital networks give us an even stronger platform to expand our open access plans that focus on customer choice.

We expect the acquisition to close by the end of this quarter. This latest acquisition further demonstrates UNICARE's commitment to the healthcare arena as we grow larger and stronger, year after year.

UNICARE Saves Millions for the Commonwealth of MA

Since 1988, UNICARE's Commonwealth Service Center in Andover, MA has administered the indemnity health plan for the Commonwealth of Massachusetts, which currently covers more than 100,000 employees, retirees and dependents.

Recently, Dolores Mitchell, the Executive Director of the Group Insurance Commission, which oversees all of the Commonwealth's benefit plans, wrote a letter of appreciation to Leonard Schaeffer, the CEO of UNICARE's parent company, WellPoint Health Networks Inc. Below are some excerpts from this letter, which was sent on November 12, 1999:

"Noting the increasing pressure on providers by other purchasers was leading to cost shifting to the indemnity plan, Steve LaBrique (a director at UNICARE at the time) came to us two years ago and proposed what eventually became the Market Based Reimbursement System. Bob Sorrenti, our account manager, worked with Steve and consultants to do the necessary actuarial work as well as the hospital negotiations. My commissioners accepted this very thoroughly researched and developed plan, and despite the anticipated opposition of providers, put it into operation over a year ago. Saving the Commonwealth \$20 million was, as you can imagine, well-received by the Budget Bureau and the Legislature, and the \$35 million we anticipate saving this year will be equally welcome.

The point that is so easily overlooked when a program that is basically fair and successful becomes institutionalized, is how much imagination and 'outside the box' thinking went into its origination. You should be as pleased with the work as we are."

Leonard Schaeffer responded to the letter:

"I want to thank you for taking the time to let me know that UNICARE has exceeded the Commission's expectations in our delivery of the Commonwealth's indemnity insurance program.

This success is no accident. WellPoint Health Networks and UNICARE value our association with the Commonwealth. We have made a concerted effort to back up an excellent product with outstanding service. Our goal is to continue exceeding your expectations and thereby preserve a mutually satisfying relationship for a long time to come."

NEW ENHANCEMENTS to

PHARMACY Products

As part of our ongoing effort to improve our products and services, UNICARE has added three new enhancements to our pharmacy programs, free of charge. We are also offering a new program to help our clients realize additional savings on their pharmacy costs. Here's a summary of these programs:

Members at Risk Program

To help protect our members and our customers, UNICARE will perform a quarterly clinical review of all claims to identify patients who see multiple providers, use the services of multiple pharmacies or use many medications. Then, we mail an educational letter and patient drug history report to the prescribing physician(s) and request that they review the patient's drug therapy for appropriateness, monitor patient compliance, discontinue unnecessary drug therapy and detect potential fraudulent prescriptions.

LifeScan Glucometers

UNICARE is now offering FREE glucometers to all diabetic members through a relationship with LifeScan Inc., an affiliate of Johnson & Johnson. Interested customers can send a letter--which UNICARE provides--to all their employees introducing them to this free program. The letter recommends that the member consult their doctor or diabetic educator before selecting one of the four glucometers available. So far, this no-cost program is extremely popular with our members and their employers.

Migraine Headache Program

This program encourages doctors to incorporate preventive drug therapy into their treatment of patients suffering from reoccurring migraine headaches. After identifying providers that prescribe migraine medication, UNICARE will send these providers an educational letter; patient drug history report; information on common migraine headache triggers; and resources to contact for more information. We also request that the physician review the patient's current drug therapy and add preventive medication(s) if appropriate.

Besides these three enhancements, UNICARE is also pleased to offer a new program called the Preferred Drug Program that can help our customers realize additional savings on their pharmacy costs.

Preferred Drug Program (PDP)

The Preferred Drug Program, which applies to both our retail and mail order programs, includes a list of "preferred" and "non-preferred" drugs. Non-preferred drugs are not covered under the plan unless the prescribing physician designates "Dispense as Written" (DAW) or unless there is a state mandate. Otherwise, non-preferred drugs must be converted to a preferred brand or to the generic therapeutic equivalent for the prescription to be covered under the plan.

If you have any further questions regarding these programs, please contact your Account Manager.

NEWS & NOTES

☞ UNICARE's parent company, WellPoint Health Networks Inc., has been named to *FORBES* magazine's "Platinum List" as one of America's best large companies and one of the best performing corporations in health care. *FORBES* praised WellPoint as a "winner" company and credit WellPoint's success to its practice of challenging conventional industry wisdom. They cited WellPoint's longstanding emphasis on open access and customizable health programs that feature choice and flexibility during a time when more restrictive HMO plans were the industry focus. (January 2000)

☞ WellPoint Health Networks Inc. was once again named America's Most Admired Health Care Company by *Fortune* magazine. This is the second year in a row that WellPoint has received this honor. (February 2000)

☞ *Working Woman* magazine named WellPoint Health Networks Inc. as one of America's Top 25 Public Companies for Executive Women. Working Woman lauded WellPoint for providing successful special assignments to help women reach the executive suite and for its strong representation of women on its Board of Directors. (December, 1999)

☞ *Standard & Poor's* upgraded UNICARE's financial strength rating from A to A+, and the outlook is stable. (December 1999)

☞ Leonard Schaeffer, the CEO of WellPoint Health Networks Inc., was named one of managed care's "Keenest Thinkers" by *ManagedHealthcare* magazine. (September 1999)

SPOTLIGHT

ON

HEALTHY EXTENSIONS

A New, Easy, Free Way to Promote Employee Health and Wellness

To promote healthy living among our members across the country, UNICARE is introducing an innovative new program called HealthyExtensions.

Through HealthyExtensions, UNICARE offers plan members and their dependents the chance to promote their well-being through a wide range of health and wellness services at discounts ranging from 15% to 65%. UNICARE members can find out more about this program through our website at www.unicare.com.

UNICARE and its parent company, WellPoint Health Networks Inc., designed HealthyExtensions out of the belief that there is nothing more important than a member's good health. Healthy individuals make happy families, reduce workplace absenteeism, enable employees to be more productive and keep health care expenses in check. UNICARE has used our influence as the insurer of millions of employees nationwide to negotiate favorable discounts for our members and their families.

We originally introduced the HealthyExtensions in California because WellPoint has its largest concentration of members there. UNICARE is now building the program nationwide.

The list of vendors is constantly growing. UNICARE hopes to expand HealthyExtensions to include a full range of complementary

health care services and products, including but not limited to chiropractors, acupuncturists, massage therapists, registered dietitians, hypnotherapists and yoga practitioners. For the complete and most up-to-date list of participating vendors, check unicare.com or contact your UNICARE representative.

To take advantage of the HealthyExtensions discounts, all a UNICARE member has to do is contact the vendor, make an appointment (as needed) and identify him/herself as a UNICARE member. No referral from UNICARE is necessary. Because the vendor provides the discount and the member is responsible for full payment of the discounted charges, there is no need to file a UNICARE claim.

UNICARE recommends that members consult their personal physicians before embarking on any alternative health program. While UNICARE is dedicated to making quality services available to its members, we cannot guarantee the services or products offered by HealthyExtensions vendors and make no claims, promises or recommendations regarding therapy procedures or outcomes.

If you have not yet been contacted by your Account Manager regarding HealthyExtensions, you will be soon. We believe your employees will enjoy the advantages of this exciting new program.

HEALTHYEXTENSIONS VENDOR LIST

Vendor	Products or Services
Buyhealthy.com TM /bc	Members save at least 15% or more on wellness books, videos and healthcare products. For information call 1-888-BUY-HEALTHY or go online at www.buyhealthy.com/bc .
Beltone TM	Free hearing exam, discounts of 15 to 20% off hearing aids for member and member's parents and grandparents. For the closest Beltone Center, call 1-800-BELTONE or go online at www.beltone.com .
Vision One TM .	Save up to 65% on designer frames, 45% on bifocals and 20% on contact lenses and receive a \$35 eye examination at a Vision One Optical Center. To find a location, call 1-800-424-1155 or go on-line at www.colemanagedvision.com and enter plan number 46350.
Gold's Gym [®]	Health Clubs. 25% up to 50% discount on enrollment fee. Discount varies by club and franchise owner. To learn more, visit www.goldsgym.com or call 1-800-99-GOLDS. Discounts apply in all states and international locations.
HealthyDrugstore.com	Mail order vitamins & supplements. Save up to 50% on hundreds of high quality nutritional vitamin supplements. To learn more, go to www.healthydrugstore.com , or call 1-877-305-0530.
Houseofhealing.com	House of Healing TM offers discounts on books, music & meditation CDs, aromatherapy oils & candles, books & videos. Save up to 30% on wellness products, yoga products, meditation, aromatherapy, tai chi, massage, Chinese herbal teas and more. For information call 1-888-634 HEAL or go online www.houseofhealing.com .
Pritikin [®] Interactive	The Pritikin Longevity Center(& Spa offers a personalized weight loss and health improvement system, for home use. Discount price \$69.95 plus \$12.95 shipping and handling (covering three shipments). Call toll free 1-800-658-2702.
TruVision TM	Mail order contact lenses. Save up to 50% on all types of contact lenses from all major manufacturers. Members also receive FREE shipping and handling. Call toll-free: 1-877-766-2020 or visit www.truvisioninc.com .
24 Hour Fitness [®]	Health Clubs. Save on the enrollment fee, \$50 on the Shape-Up (1 club) and \$100 for Keep-Fit (all club) membership. New gym members can save on sessions with a personal trainer. To find a location near you call 1-800-204-2400 or go online at www.24hourfitness.com . Currently available only in California, Colorado, Hawaii, Idaho, Nevada, Oregon, Texas, and Washington.



Interview with

Gene Householter

Senior Vice President of Public Entities

Gene Householter is Senior Vice President of Public Entities for WellPoint Health Networks Inc. Simply put, Gene is responsible for all public sector business within UNICARE and Blue Cross of California.

Gene was head of Underwriting and Contracts at Blue Cross of California when he was asked to head up the newly formed Public Entities Market Business Unit (MBU) in 1995. He became responsible for UNICARE's public entity clients through a reorganization in April 1999.

To help our customers better understand our Public Entities MBU, we recently talked to Gene about our experiences with the public sector.

What is a Public Entity?

We define a Public Entity as an educational group, either public or private, and all municipal, county and state groups. Most of our educational clients are public schools, but we do provide plans to a few private schools, such as Pepperdine University.

Who are some of UNICARE's Public Entities clients?

UNICARE provides health plan administration for the State of Illinois and the Commonwealth of Massachusetts, and provides Utilization Management services for the states of Georgia, Alabama and Mississippi, and the University of Georgia. UNICARE also has several smaller Public Entity clients scattered across the country, such as the University of Ohio.

What is the membership within the Public Entities MBU?

Altogether, our Public Entities clients represent 1.6 million members. Adding the UNICARE business to the MBU increased our membership numbers a lot: UNICARE clients account for 400,000 members of the total.

What is your largest client and smallest client?

WellPoint's largest Public Entities client is the California Public Employees Retirement System, with

225,000 members. Within UNICARE, the State of Illinois is the largest client, with 200,000 members, and the City of Clute, Texas (population 8,700) is one of the smallest, with 77 members. We can serve a Public Entity with as little as 50 employees, with the same knowledgeable management team serving our diverse range of customers.

What are the special needs of a Public Entities client?

Public Entities clients are special cases. Regardless of their size, a Public Entity usually has union-negotiated benefits. They also require customized features we usually provide to our larger private clients, such as non-standard billing, customized plan designs and specific claims and customer service requirements. We are required to have the flexibility to respond to the unique reporting requirements of government agencies, board of supervisors or city councils. Many Public Entities clients have a large retiree population, which also affects our customer service. They also have strict budgets--these clients need predictability because they can't absorb unexpected, extra costs, and we do our best to make sure that never happens.

What does UNICARE offer a Public Entity that other companies do not?

UNICARE has the resources of a Market Business Unit dedicated solely to serving Public Entities, comprised of associates from underwriting, operations, finance and account management who understand these groups and their special benefit plan needs. UNICARE also has proven experience serving Public Entities clients, both large and small, all across the country.

To serve our Public Entities clients, UNICARE can draw upon the experience and expertise of claims and customer service staff in its existing regional Service Centers. For very large clients, we are able to develop a dedicated resource, such as our State of Illinois Service Center in Bollingbrook, IL and our Commonwealth Service Center in Andover, MA.

Add to that UNICARE's wide range of products and nationwide network capabilities, and we think UNICARE is well-prepared to meet the needs of any Public Entities client.



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