

Liberty Health Advantage

2008 MODEL ANNUAL NOTICE OF CHANGE
Annual Enrollment Period: November 15th to December 31st each year

During this Annual Enrollment Period, you have the opportunity to switch plans. Take the opportunity to compare the benefits, costs, and restrictions of the plans available in your area and choose the plan that is best for you. If you are satisfied with your current plan, you do not need to take any action.

This notice is available in alternative formats, such as large print. Please contact Member Services for more details or to request the notice in an alternative format.

October 15, 2007

Dear Member:

This is the time of year when we like to thank you for your membership and let you know of new plan changes for the upcoming year. Beginning January 1, 2008, there will be some changes to Liberty Health Advantage Dual Power Nassau.

The following are described in this letter:

- How will my monthly premium change for 2008?
- How will my prescription drug coverage and cost-sharing change for 2008?
- What if my drug is no longer on the formulary or is in a more expensive cost-sharing tier in 2008?
- What do I need to know if I'm getting extra help from Medicare to pay for my prescription drugs?
- How will my other benefits and cost-sharing change for 2008?
- When can I switch from one Medicare plan to another?
- Where can I get more information?

How will my monthly premium change for 2008?

Starting January 1, 2008, the monthly premium that you pay to Liberty Health Advantage Dual Power Nassau will decrease from \$24.40 to \$24.10.

This monthly premium includes your Medicare prescription drug coverage premium. This amount does not include any late enrollment penalty (higher premium) you may be responsible for paying. Individuals without drug coverage that is at least as good as Medicare's standard prescription drug coverage (called "creditable prescription drug coverage"), may have to pay a late enrollment penalty (higher premium) when they sign up for Medicare prescription drug coverage. The longer an individual waits to enroll in a Medicare drug plan, the higher the penalty may be.

How will my prescription drug coverage and cost-sharing change for 2008?

We have enclosed a 2008 Summary of Benefits and a new formulary that will be effective January 1, 2008. Medicare has reviewed and approved the benefits described in the Summary of Benefits and covered drugs listed in the formulary. We will send you by January 31, 2008 an Evidence of Coverage which will explain in detail all of our plan

rules and benefits that will be in effect as of January 1, 2008. All changes begin January 1, 2008, and will be in effect through December 31, 2008, except for mid-year formulary changes, which generally are limited to formulary changes that decrease cost or increase safety. Rest assured that you will still be a member of Liberty Health Advantage Dual Power Nassau for the coming year if you do nothing to change your Medicare coverage. If you lose your Medicaid eligibility status, you are required to leave Liberty Health Advantage Dual Power Nassau. If this occurs, we will notify you in writing. You will have 90 days to either select to another Liberty Health Medicare Advantage Plan with prescription drug coverage or enroll with another organization.

Prescription Drug Benefit	2007	2008
Depending on your income and institutional status:	You pay \$1 or \$2.15 or 15% co-insurance for generic drugs (including brand drugs treated as generic) if you have Medicare and Medicaid.	You pay \$0 to \$2.25 copay or 15% co-insurance for generic drugs (including brand drugs treated as generic) if you have Medicare and Medicaid.
	You pay \$3.10 or \$5.35 or 15% co-insurance for brand name drugs if you have Medicare and Medicaid.	You pay \$0 to \$5.65 or 15% co-insurance for all other drugs if you have Medicare and Medicaid.
	After your yearly out-of-pocket drug costs reach \$3,850 (both paid by you or others on your behalf, and any extra help you got from Medicare, you pay the following for your drugs; <ul style="list-style-type: none"> - \$ 0 for any drugs; or - \$2.15 for generic drugs (including brand drugs treated as generic) and \$5.35 for all other drugs if you have Medicare and Medicaid. 	After your yearly out-of-pocket drug costs reach \$4,050 (both paid by you or others on your behalf, and any extra help you got from Medicare, you pay the following for your drugs; <ul style="list-style-type: none"> - \$ 0 for any drugs; or - \$2.25 for generic drugs (including brand drugs treated as generic) and \$5.60 for all other drugs if you have Medicare and Medicaid.

The following is a list of drugs that are currently covered in 2007 that will no longer be covered by the plan in the upcoming year. (See legend at end of listing.)

a-methapred †	A/B Ear drops*	Accuzyme*
Acetic acid*	Acetic acid/hydrocortisone*	Acetaminophen/Phenyltoloxamine*
Salsalate*	Abilify Sol †	Acetadote †
Actonel †	albuterol †	Alupent †
Ambien^	Ambien CR †	aminophylline †
Aminosyn †	ampillicin†	Anexsia †
Antipyrine/Benzocaine ear drop*	Apexicon*	Astelin †
Avelox †	azathioprine†	baciim†
Beconase †	Biaxin XL^	Boniva †

Brompheniramine*	Brompheniramine/Phenylephrine*	butorphanol †
calcitriol †	Capastat †	Capitol*
Cardizem LA	cefazolin †	ceftriaxone †
Chloral hydrate*	Choline Magnesium Trisalicylate*	Citrolith*
Codeine phosphate*	Codeine Sulfate*	Colytrol*
Coumadin †	Crantex*	Cubicin †
Cytadren*	Deltasone^	Dermatop^
desmopressin †	Despec*	dextrose †
dextrose/potassium chloride †	Ditropan XL^	digoxin †
Donatussin	Dritho-scalp*	Efudex †
Embeline	Emsam †	Epipen †
Epogen †	famotidine †	fentanyl †
fluticasone †	Focalin^	Fosamax †
Freamine †	furosemide †	Glucagen †
Guaifenesin preparations*	Guaifenesin/phenylephrine*	Guaifenesin/pseudoephedrine*
Hectoral †	Heparin †	hydralazine †
Hydralazine/hydrochlorothiazide*	hydrocodone Sol †	Hyoscyamine preparations*
Inderal LA^	Inspra †	Invega †
Januvia †	Lamisil †	lanoxin †
Leukeran †	Levaquin †	levothyroxine sod †
Liposyn †	Lorabid*	Magan*
magnesium sulfate †	Maxipime †	Mavik^
Meloxicam †	Metadate CD	Methenamine mandelate*
methotrexate †	methodopate †	methylprednisolone †
metoclopramide †	metoprolol †	Metrogel Vaginal^ †
Minizide*	Myochrysine*	nafcillin †
nalbuphine †	Nalex*	Nasacort †
Nasonex †	Naturetin*	Nexium †
nitroglycerin †	Norvasc^	Numorphan †
Omnicef^	ondansetron †	orphenadrine citrate †
Oxandrin^	pamidronate disodium †	Pamine^
Panafil*	paroxetine †	Paxil suspension^
phenytoin sodium †	Pilocarpine solution*	potassium chloride †
Prevacid IV †	procainamide †	Procrit †
promethazine †	propranolol †	Prostigmin*
Protonix †	Prudoxin*	ranitidine †
Razadyne †	Rebetron*	Retrovir syrup^
rifampin †	Rozerem †	Risperdal †
Salsalate*	sertraline †	Scopace*
sodium bicarbonate †	sodium chloride †	Sonata †
smz-tmp †	Striant †	Sulfisoxazole*
Surmontil 25mg & 50mg^	Symax*	Terbutaline †
testosterone †	Thyroid*	tobramycin †
tpn electrolytes	travasol/electrolytes †	travasol/dextrose †
Tygacil †	Uniretic^	Univasc^
Urea*	Versiclear*	verapamil †
Vesanoid^	Virazole	Voltaren
Wellbutrin XL 300mg^	Yodoxin*	Zarontin^
Zithromax^	Zofran^	Zometa †
Zorbitive †	Zosyn †	Zydone
Zyprexa †	Zyrtec	Zyrtec D

Legend for drug change list

- * This medication is either not currently available or does not meet Medicare criteria for coverage under Part D, thus will not be covered in 2008.
- ^ A new generic product is available for this medication. Therefore the generic is now covered and the brand name medication will not be covered on the plan's formulary for 2008.
- † This product had a change in the utilization management tools associated with the product. Additional utilization management tools were added from 2007 to the 2008 formulary. Please refer to the printed Comprehensive formulary document under the specific drug for the new utilization management requirements.

“If you received approval for a formulary or tiering exception request during the 2007 plan year, coverage for the drug approved under the exception will end on December 31, 2007. **You will need to submit a new formulary or tiering exception request to continue coverage for the drug for the 2008 plan year.**”

What if my drug is no longer on the formulary or is in a more expensive cost-sharing tier in 2008?

We have changed our formulary. We have added, removed, or placed more limitations on some of the drugs we cover. Please review the formulary to see if we still cover the drugs that you currently take. “The enclosed formulary can also be found on our www.LibertyHealthAdvantage.com or you can call member service if you need any help locating a certain drug.”

If a drug we currently cover for you is not on our new formulary, you will need to talk with your doctor about taking an alternative drug that is available on our new formulary. If you wish to continue coverage of your current drug, you or your doctor can request a formulary exception. If a drug we currently cover for you is on our new formulary but has been moved to the higher non-preferred cost-sharing tier, you can talk with your doctor about taking an alternative drug that is available in a lower cost-sharing tier. If you wish to pay the lower preferred cost-sharing amount for the drug, you or your doctor can request a tiering exception. If you or your doctor would like to request an exception, the request should be made by December 1, 2007. Please refer to the enclosed Liberty Health Advantage Dual Power Nassau formulary for instructions on how to file an exception. If the formulary exception request is approved, we will continue covering your current drug on January 1. If the tiering exception request is approved, we will cover your current drug at the preferred cost-sharing amount on January 1.

What do I need to know if I'm getting extra help from Medicare to pay for my prescription drugs?

If you continue to qualify for the same amount of help next year, the table below tells you how your prescription costs will change.

If you pay up to this much this year (2007)	You will pay up to this much next year (2008)
\$0 deductible	\$0 deductible
\$53 deductible	\$56 deductible
\$1 for generics and brands that are treated as generics \$3.10 for brand name drugs	\$1.05 for generics and brands that are treated as generics \$3.10 for brand name drugs
\$2.15 for generics and brands that are treated as generics \$5.35 for brand name drugs	\$2.25 for generics and brands that are treated as generics \$5.60 for brand name drugs
No more than 15% co-insurance for all drugs	No more than 15% co-insurance for all drugs

If you qualify for extra help, you pay \$0 or a reduced monthly premium. If you continue to qualify for the same amount of extra help in 2008, the table below tells how much you will pay for a monthly premium. (This doesn't include any Medicare Part B premium you may have to pay.) If you don't know your level of extra help, call us.

Your level of extra help	Monthly Premium for Liberty Health Advantage Dual Power Nassau
100%	\$0
75%	\$6.02
50%	\$12.05
25%	\$18.07

You may get (or may have gotten) a letter from Medicare or Social Security about your 2008 eligibility for extra help. Read this important information carefully. If you don't know what level of extra help you qualify for, you can call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. Customer service representatives are available 24 hours a day, including weekends.

How will my other benefits and cost-sharing change for 2008?

In addition to the Medicare prescription drug coverage that will be part of your plan, the following changes will occur in your coverage

Benefit in 2007	Benefit in 2008
<u>Emergency Care</u> Worldwide Coverage	<u>Emergency Care</u> Out of Network – Not covered outside the U.S. except under limited circumstances.
<u>Urgently Needed Care</u> Worldwide Coverage	<u>Urgently Needed Care</u> Out of Network – Not covered outside the U.S. except under limited circumstances.
<u>Hearing Services</u> No copayment for hearing aids-outer ear up to 1 aid <i>every</i> year	<u>Hearing Services</u> No copayment for hearing aids-outer ear up to 1 aid <i>every three</i> years.
<u>Health and Wellness Education</u> Newsletter, Nutritional Training, Nutritional Benefit, Smoking Cessation, Alternative Medicine Program, Health Club Membership/Fitness Classes, Nursing Hotline~, and other wellness services ~ Denotes deletions in 2008	<u>Health and Wellness Education</u> Newsletter, Nutritional Training, Nutritional Benefit, Smoking Cessation, Alternative Medicine Program, Health Club Membership/Fitness Classes, and other wellness services
<u>Transportation (Routine)</u> Medicare: There is no copayment for each one-way trip up to 12 trips to Plan-approved location. Medicaid: Transportation essential for an enrollee to obtain necessary medical care and services under the plan’s benefits or Medicaid fee-for-service.	<u>Transportation (Routine)</u> Medicare: Not Offered. Medicaid: Transportation essential for an enrollee to obtain necessary medical care and services under the plan’s benefits or Medicaid fee-for-service.
<u>Respite Care</u> Not Offered in 2007.	<u>Respite Care</u> Maximum 9 hours per month of nursing care at home based on medical necessity
<u>Limited Legal Benefit</u> Review or preparation of either a New York Durable Power of Attorney or a New York Health Care Proxy form.	<u>Limited Legal Benefit</u> Not offered in 2008
<u>Medical Nutrition Therapy Services</u> Medical Nutrition therapy services are defined as diagnostic, therapy, and counseling services for the purposes of disease management furnished by registered dietician or nutrition professional.	<u>Medical Nutrition Therapy Services</u> Not offered as a separate benefit in 2008

We have enclosed a summary of your benefits, premiums, and cost-sharing that will be effective January 1, 2008. Medicare has reviewed and approved the changes in benefits, premiums, and other costs included in this notice and on the enclosed Summary of Benefits. We will send you an “Evidence of Coverage” “by January 31, 2008”. All changes begin January 1, 2008, and will be in effect through December 31, 2008, except for mid-year formulary changes, which generally are limited to formulary changes that decrease cost or increase safety. If you don’t want to change your coverage, you don’t need to do anything. You will still be a member of Liberty Health Advantage Dual Power Nassau for the coming year.

Our Summary of Benefits lists both our Medicare and Medicare Special Needs Plans available in our service area. We offer a total of four plans. You are a member of Liberty Health Advantage Dual Power Nassau.

When can I switch from one Medicare plan to another?

Every year, from November 15 through December 31, during the Annual Election Period (AEP), anyone with Medicare may switch from one way of getting Medicare to another for the following year. During this Annual Enrollment Period, you have the opportunity to choose the plan that is best for you. Your change will take effect on January 1. We hope you will decide to continue with us. From January 1 through March 31, anyone eligible for a Medicare Advantage plan has a chance to review the coverage they have and make an additional change. However, with this chance, you are limited in the type of plan you may join. You may not use this chance to add or drop Medicare prescription drug coverage.

Outside of these time periods, you generally can’t make any other changes during the year unless you meet special exceptions, such as if you move, if you have Medicaid coverage, or if you get extra help in paying for your drugs.

For more information about these times and the choices available to you, look at your “Medicare & You” handbook. This handbook is mailed to everyone with Medicare each fall. You may also visit www.medicare.gov on the web or call 1-800-MEDICARE (1-800-633-4227) to learn more about your choices. TTY users should call 1-877-486-2048.

If you join another Medicare plan, including a Medicare Prescription Drug Plan, you will be disenrolled from our plan when your enrollment in the new plan begins. If you leave your current plan and don’t join a plan that offers Medicare prescription drug coverage or a Medicare Prescription Drug Plan, and you don’t have prescription drug coverage that is at least as good as the Medicare standard prescription drug benefit, you may have to pay a late enrollment penalty (higher premium) if you decide to join later. This means your monthly premium will be higher.

Where can I get more information?

Please call our Member Services Department Monday thru Friday from 8:00 AM to 6:00 PM, at 1-866-542-4269 if you have any questions. TTY/TDD users should call 1- 800-662-1220.

You can contact us if you need more information, about:

- How we manage the use of services and costs;
- The number of appeals and grievances filed by our members; or
- A description of our financial condition, including a summary of our most recent audit statement.

You can also get information about the Medicare Program and Medicare plans by visiting www.medicare.gov on the web or by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. Customer service representatives are available 24 hours a day, including weekends, to answer your Medicare questions.

We look forward to serving you now and in the future.

Sincerely,

Member Services
Liberty Health Advantage

Encl: Summary of Benefits
Formulary

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