

August 24, 2005

United States Senate  
Committee on Finance

The Honorable Charles Grassley  
The Honorable Max Baucus  
The Honorable Orrin G. Hatch  
The Honorable John D. Rockefeller, IV  
The Honorable Trent Lott  
The Honorable Olympia J. Snowe  
The Honorable Kent Conrad  
The Honorable Jon Kyl  
The Honorable James M. Jeffords  
The Honorable Craig Thomas

The Honorable Rick Santorum  
The Honorable Jeff Bingaman  
The Honorable Bill Frist  
The Honorable John F. Kerry  
The Honorable Gordon Smith  
The Honorable Blanche L. Lincoln  
The Honorable Jim Bunning  
The Honorable Ron Wyden  
The Honorable Mike Crapo  
The Honorable Charles E. Schumer

219 Dirksen Senate Office Building  
Washington DC, 20510-6200

VIA United States Mail and FAX to (202) 228-0554

Dear Senator:

We, the undersigned CEOs, represent the BlueCross and BlueShield Plans that are working together as the Blue Cross Blue Shield Northern Plains Alliance to develop a Medicare Advantage (MA) regional PPO to serve Medicare beneficiaries in the region comprised of Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming. Many of the nearly 1.8 million Medicare beneficiaries in the seven states we represent will have access to a private sector health plan option for the first time as a result of this initiative, which was made possible largely by the funding in the Medicare Modernization Act of 2003 (MMA). ***We urge Congress not to backtrack on Medicare Advantage funding.***

Developing regional PPOs is a complex and costly undertaking especially in states with large rural populations and few existing provider networks. At a time when our six plans, along with many other health plans, are expending significant resources to implement local and regional MA plans, we are concerned that Congress could change the financing system before the new programs are even implemented.

In enacting the MMA, Congress promised Medicare beneficiaries more health plan options and better benefits, relying on MA private plans to help achieve these improvements. The increased MA funding levels have reversed years of declining plan participation and have resulted in a nearly tripling of the number of MA plans. Through MA regional PPOs, many seniors in rural areas will finally have access to health plan options and cost savings that have been available to their urban counterparts. This is particularly true in the region that will be served by the Northern Plains Alliance.

Reductions in Medicare Advantage program funding would be problematic and could threaten the ongoing participation of many current MA plans and deter others from ever participating in the program. More importantly, reducing MA funding for the new Medicare Advantage program a few months before the launch of the new program would signal that the federal government is not a serious business partner in this endeavor, causing some plans to question participation in the Medicare Advantage program.

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A consistently funded MA program is critical to the success of the landmark Medicare reforms. ***Congress should not backtrack on MA payment reforms needed to fulfill the promise of more options and improved coverage for Medicare beneficiaries in rural areas.*** We urge Congress to maintain the Medicare Advantage funding as provided by the MMA.

Sincerely,



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Sherry L. Cladouhos  
President and CEO  
Blue Cross and Blue Shield of Montana



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Mark W. Banks, M.D.  
President and CEO  
Blue Cross and Blue Shield of Minnesota



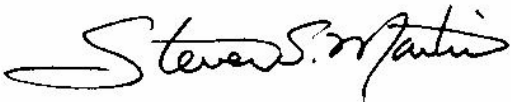
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Michael B. Unhjem  
President and CEO  
Blue Cross and Blue Shield of North Dakota



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Tim J. Crilly  
President and CEO  
Blue Cross and Blue Shield of Wyoming



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Steven S. Martin  
President and CEO  
Blue Cross and Blue Shield of Nebraska



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John D. Forsyth  
Chairman and CEO  
Wellmark Blue Cross and Blue Shield of Iowa  
Wellmark Blue Cross and Blue Shield  
of South Dakota