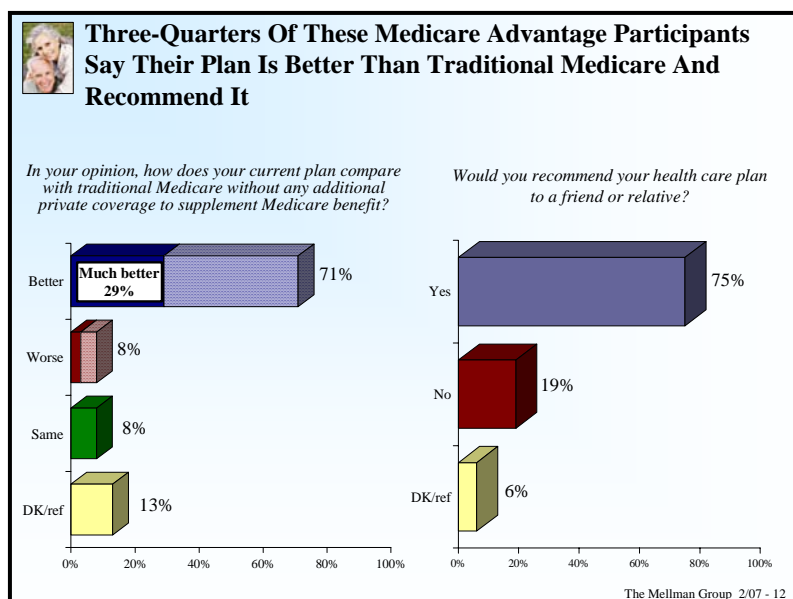


TO: BlueCross BlueShield Association
 FROM: The Mellman Group, Inc.
 RE: Medicare Advantage Research Findings
 DATE: February 23, 2007

This analysis is based on a national survey of 1004 Medicare Advantage participants in sixteen different states across the country – including states from every region, urban and rural – conducted February 5-11, 2007. The margin of error for the survey is +/- 3.1% overall, higher for subgroups.

Our recent survey shows that Medicare Advantage participants give their coverage high marks on satisfaction, value, and on the factors they think are most important, such as the quality of care.

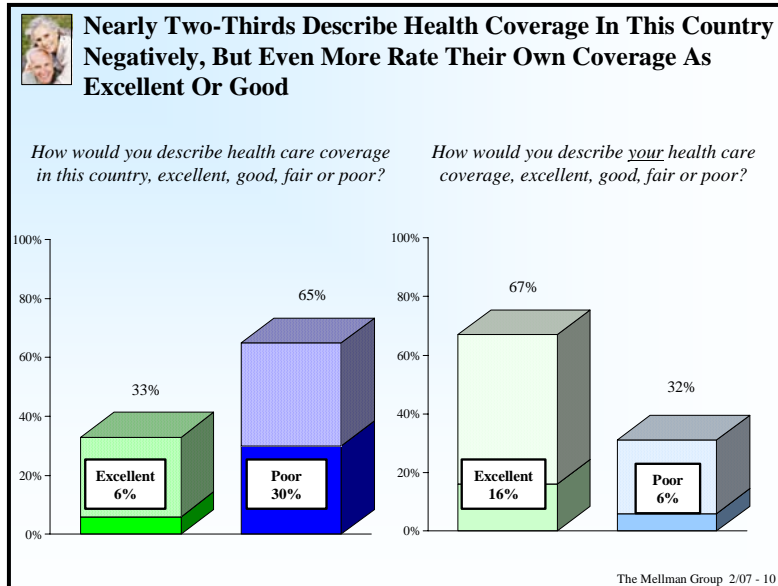
Participants are very concerned – and motivated – by Medicare cuts that would affect their coverage. Almost all (97%) Medicare Advantage members think it is important for Congress to maintain adequate funding for their health plan, with 84% saying it is *very* important. Over three-quarters (78%) say they are worried about discussions to cut their Medicare health plan benefits, with a majority (50%) being *very* worried. Nearly half (48%) worry the most that resulting cuts in benefits would mean they couldn't afford an unexpected illness.



Medicare Cuts Are The Dominant Personal Concern For Participants

Medicare Advantage participants are most concerned about health care related issues. Nearly half (45%) say that one of the things that worries them the most is that “the government may cut my Medicare benefits”. This is more than those who put Social Security (43%) or even overall health care costs (37%) as one of their top personal concerns, and dramatically more than those who said education (26%) or high taxes (24%) as one of the things that concerned them the most.

Most Rate Health Care Coverage In This Country Negatively, But Even More Have A Positive View of Their Plan, and See It As Better Than Traditional Medicare



Nearly two-thirds (65%) of Medicare Advantage members give negative performance evaluations to national health care coverage, with almost a third (30%) describing national coverage as “poor”. Yet, even more (67%) describe their own health care coverage as either “excellent” or “good.”

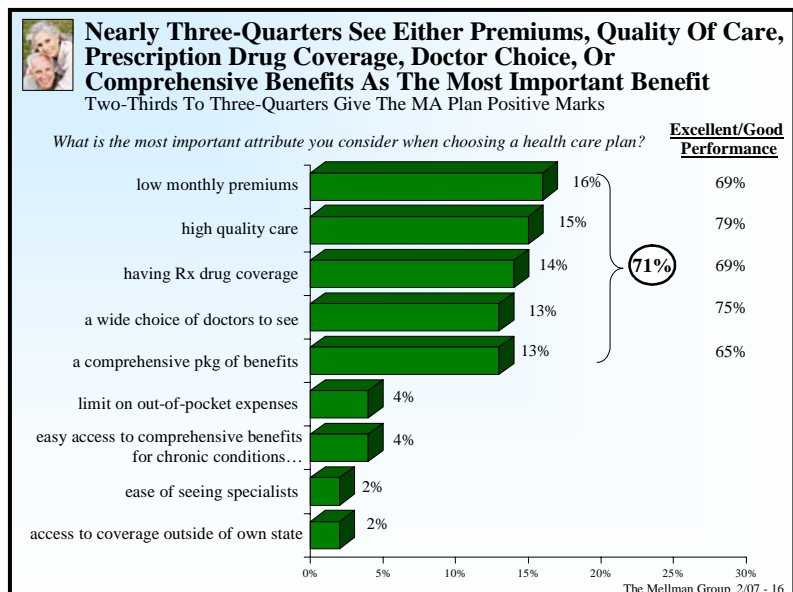
Satisfaction levels among Medicare Advantage members are extremely high. Eighty-four percent (84%) of Medicare Advantage members report being “satisfied” with their current

health care coverage, including over a third (36%) who are “very satisfied”.

An overwhelming majority (71%) of members view their Medicare Advantage coverage as being “much better” or “somewhat better” than traditional Medicare coverage. Only 16% of those surveyed believe it to be the same or worse. Medicare Advantage even appears to outperform Medicare+Choice plans from a 2002 survey conducted on behalf of Blue Cross/Blue Shield Association. This earlier poll shows only 64% of participants rating their plan better than traditional Medicare coverage. Not surprisingly, three-quarters (75%) of Medicare Advantage members would recommend their health care plan to a friend or relative.

They Give Medicare Advantage High Marks On All Of The Factors They See As Most Important

Five benefits are seen as essential to Medicare Advantage members when considering a health care plan. Over three quarters believe high quality care (80%) and prescription drug coverage (78%) to be “very important” attributes when evaluating a health care plan—ranking them highest in a series



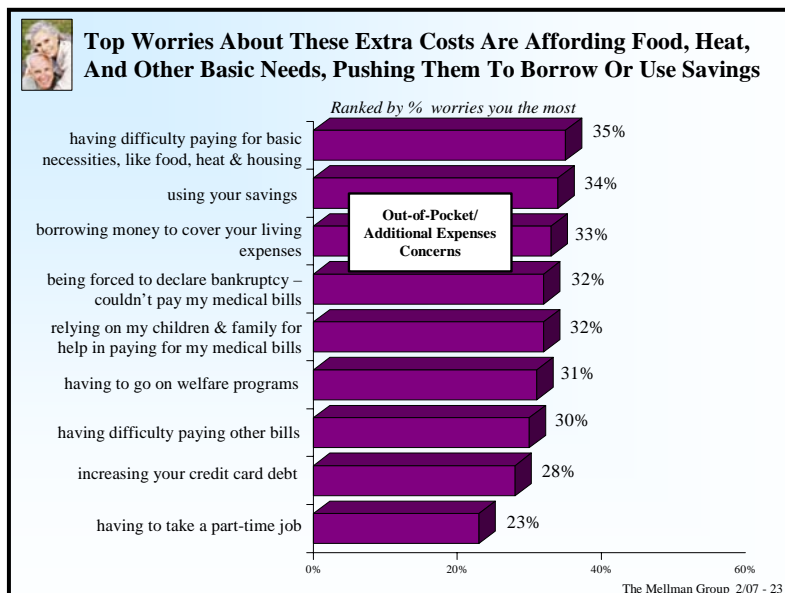
of ten benefits. In an unprompted response question, low monthly premiums (16%), high quality care (15%), having prescription drug coverage (14%), doctor choice (13%), and comprehensive benefits (13%) are considered the “most important attribute in a health care plan,” accounting for nearly three-quarters (71%) of members altogether. Top evaluations are given to these five attributes when members assess their own Medicare Advantage plan, as three-quarters to two-thirds give them a rating of “excellent” or “good.”

Members also view their Medicare Advantage plan as a good value for the services provided. Nearly seven-in-ten (69%) evaluate low monthly premiums and their prescription drug coverage as “excellent” or good” when assessing the performance of their Medicare Advantage benefits. In a separate question, an overwhelming majority (65%) rate their Medicare Advantage plan as “excellent” or “good” when asked to assess its value, taking premiums into consideration.

A Majority Of Members Have Heard About Possible Medicare Benefit Cuts And Are Very Worried About Losing Their Benefits

A majority (54%) of Medicare Advantage members have heard about the possibility of benefits being cut or eliminated. After being informed of Congressional discussions focused on “cutting funding for certain Medicare plans by as much as 12 percent or more,” over three-quarters of members (78%) say they are worried about losing benefits from their Medicare Advantage plan, with a majority (50%) saying they are *very* worried.

Members Say Cutting Their Medicare Advantage Plan Will Make It Harder To Afford Food, Heat And Other Basic Needs



The top concern among Medicare Advantage members if they had to pay for additional or supplemental coverage or out-of-pocket expenses is “having difficulty paying for basic necessities, like food, heat, and housing” (35% worries you the most). Issues centered on credit card debt (28% worries you the most) and taking a part-time job (23% worries you the most) were of least concern to Medicare Advantage members. The top concern among Medicare Advantage members if their health care benefits were cut or

eliminated is “not having the ability to pay the bill for a serious or unexpected illness” (48% worries you the most), followed by not being able to afford prescription drugs (45% worries you the most).

Almost All Think Protecting This Plan Should Be “Very Important” For Congress, And Say They Are Inclined To Vote Against Members Who Do Not

Ninety-seven percent (97%) of Medicare Advantage members think it is important for Congress to work to maintain funding for their Medicare Advantage plan, with 84% saying it is *very* important. Only 2% of members say that it is not important to maintain funding.

If members heard of discussions where the benefits provided in their Medicare Advantage program were going to be reduced or the program eliminated altogether, participants are most likely to vote against elected officials they thought were responsible for the cuts (65% very likely) and sign petitions to try and stop the program from being eliminated (56% very likely).

