

Date: November 2, 2007

To: Our Valued Agents

Re: Today's Options Dual Eligible Policy

We are excited about the 2008 Open Enrollment Period beginning November 15, during which Medicare-eligible beneficiaries may enroll in Today's Options. We believe our outstanding products offer extensive benefits at prices that result in substantial savings for beneficiaries, as well as give them access to many wellness programs. **Our goal is to always serve Medicare-eligible beneficiaries' best interests;** therefore, we must ensure individuals do not incur costs they would not have incurred by continuing with Medicare Parts A & B.

There are certain low-income individuals who are eligible for Medicare, but who may also qualify to receive, or actually do receive health benefits under certain governmental programs, like Medicaid. However, they might actually incur additional costs by enrolling in Today's Options instead of continuing with Medicare Parts A & B funded by Medicaid. These individuals are known as "dual-eligible beneficiaries."

When conducting your needs analysis, it is critical you ascertain whether a Medicare-eligible beneficiary is also a dual-eligible beneficiary. To assist you in this determination, you should refer to the attached Medicaid Training Material, which is also included in your "Medicare Compliance Training Manual for Agents Selling Medicare Advantage and Prescription Drug Plans."

If you determine a potential enrollee is a dual-eligible beneficiary, Today's Options may not be right for them. Remember, there are Medicare Advantage plans that are Special Needs Plans, designed to serve dual-eligible beneficiaries. However, Today's Options is NOT one of these plans. Therefore, you should strongly encourage the dual-eligible beneficiary to contact 1-800-MEDICARE to learn more about how enrolling in a Medicare Advantage plan like Today's Options might affect them.

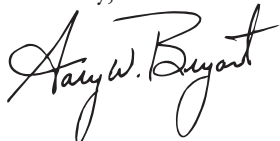
Applicable law requires you to accept a completed and signed Medicare Advantage enrollment application from a Medicare-eligible beneficiary. We may not prohibit dual-eligible beneficiaries from enrolling in Today's Options. Therefore, you should proceed with Today's Options enrollment for a dual-eligible beneficiary **ONLY** after:

- You strongly recommended the dual-eligible beneficiary contact 1-800-MEDICARE to learn more about how enrolling in Today's Options might affect them *and*,
- You have advised the dual-eligible beneficiary that they might incur additional costs by enrolling in Today's Options *and*,
- The dual-eligible beneficiary still wants to enroll in Today's Options.

You must document your needs analysis and your recommendation that the dual-eligible beneficiary contact 1-800-MEDICARE to learn more about their rights before enrolling in Today's Options. Doing so will provide the best evidence you served the best interests of your client. You should also be ready to provide copies of this documentation upon request. Failure to do so may subject you to the Company's **ZERO TOLERANCE** policy. Please contact the Home Office with any additional questions.

We appreciate your hard work and wish you a successful Today's Options pre-selling season.

Sincerely,



Gary W. Bryant
Executive Vice President

Universal American Financial Corp. Insurance Subsidiaries:

American Exchange Life Insurance Company • American Pioneer Life Insurance Company
American Progressive Life & Health Insurance Company of New York • Constitution Life Insurance Company
Marquette National Life Insurance Company • Pennsylvania Life Insurance Company • Pyramid Life Insurance Company
Union Bankers Insurance Company

Medicaid

Medicaid is a federal and state health service program provided for low income persons (and their dependents). Benefits vary by state. Most Medicaid programs include routine health care, vision and dental care along with standard benefits provided by Medicaid. Most states pay the majority of the deductibles and co-payments. Persons who qualify for Medicare by earlier work record who is now in this low-income bracket can be covered both by Medicare & Medicaid, known as dual eligibles.

Categories of dual eligible beneficiaries and the associated out-of-pocket costs paid by Medicaid:

- QMB (only) (Qualified Medicare Beneficiary) – Medicare Part B premium; cost sharing for Part A & B benefits.
- QMB Plus – Medicare Part B premium; cost sharing for Part A & B benefits; coordinates Medicaid benefits with Medicare.
- SLMB (only) (Specified Low-Income Medicare Beneficiary) – Medicare Part B premium.
- SLMB Plus – Medicare Part B premium; coordinates Medicaid benefits with Medicare.
- QI (Qualifying Individual) – Medicare Part B premium.
- Other FBDE (Full Benefit Dual Eligible) – Coordinates Medicaid benefits with Medicare.
- QDWI (Qualified Disabled and Working Individual) – Part A premium.

Key issues that are important to dual eligible beneficiaries who are considering enrolling in Medicare Advantage plans include:

Whether the Medicare beneficiary is eligible for medical benefits under Medicaid.

Medicaid may provide additional benefits, but Medicaid will coordinate benefits only with Medicaid participating providers.

How/if cost sharing will be different under the Medicare Advantage plan compared to Medicaid benefits.

What is the cost sharing under the MA plan benefits?

Medicaid will pay cost sharing assistance only for services provided for Medicaid participating providers.

Whether the beneficiary will need help to find providers who accept both Medicare & Medicaid.

Please Note: There are Medicare Advantage HMO plans and Special Needs Plans available that are designed to serve Medicaid / Medicare dual eligible beneficiaries. In some instances enrolling dual eligibles in a Medicare Advantage plan may cause the Medicaid / Medicare beneficiary to incur additional costs that he/she would not have incurred by continuing with Medicare Parts A & B funded by Medicaid. However, we

may not prohibit a Medicaid / Medicare dual eligible beneficiary from enrolling in a Medicare Advantage plan or discriminate against dual eligibles in any way.

The agent may proceed with the enrollment ONLY when he/she discloses additional costs associated with Medicare Advantage plan, or finds that the Medicaid / Medicare beneficiary will not incur additional costs, and the beneficiary is clear that he or she still wants to enroll in the Medicare Advantage or Prescription Drug plan. REMEMBER: First do no harm!

Consider that, depending on income, many Medicaid / Medicare Dual Eligibles have their Part B premium, as well as their Hospital Deductible and 20% Medicare Co-payments paid by Medicaid. Therefore, it would not appear to be in the member's best interest to create co-payments and coinsurance (by enrolling in the Medicare Advantage plan) where none existed previously. However, Other Dual Eligibles may have only their Part B premium paid.

If an agent is approached by a Medicaid / Medicare dual eligible beneficiary who is interested in enrolling in a Medicare Advantage Plan, the agent must:

1. Review the beneficiary's current Medicaid assistance level.
 2. Disclose to the beneficiary additional costs (if any) that they may incur by enrolling in the Medicare Advantage plan.
-

Unique Medicare Advantage plan issues exist for Medicare/Medicaid eligible (dual eligible) beneficiaries.

The Low Income Subsidy (LIS) impacting Stand-alone Prescription Drug Plans (PDP) and Medicare Advantage Prescription Drug (MAPD) plans: The Low Income Subsidy impacts the Medicare beneficiary's Part D premium and co-payments. Low Income Subsidy may only pay a portion of any applicable premium if the Medicare Advantage Prescription Drug plan premium is a blended rate for Medicare Part A and Part B services, as well as Part D. A Medicare beneficiary's LIS status will not be impacted by enrolling in a PDP or MAPD, and their benefits will carry over based on the LIS award level.

PLEASE NOTE: When enrolling an LIS Medicare beneficiary in a PDP or MAPD plan agents may not make definitive or estimated statements that a Medicare beneficiary is in a low income bracket and should receive LIS assistance. In addition, agents must refrain from making representations pertaining to the assistance amount the Medicare beneficiary will or may possibly receive. Agents must explain to the Medicare beneficiary that, if they qualify for LIS assistance, the Low Income Subsidy status will be confirmed by the plan.