



## Welcome

Dear Business Partner:

The *Boston Globe* recently interviewed Steve Booma, our executive vice president for sales, marketing and service, about premium rate increases for 2006. Steve provided data for our large-group and small-group businesses and discussed cost drivers in the market. A summary of the information he provided is as follows:

For the insured managed care market, we expect to see premium increases for 2006, on average, of 10 percent to 14 percent before benefit changes. After benefit changes, we anticipate rates for this business segment to average between 8.5 percent and 12.5 percent.

For the small group market, we expect to deliver premium increases of 10 percent to 12 percent, on average, before benefit changes. After benefit changes, we anticipate rate increases to average approximately 8.5 percent to 10.5 percent.

The main drivers for these rate changes include:

- increases in underlying medical cost trends
- shortfalls in payment levels to providers from government payers and the growing problem of the uninsured population, which forces providers to make up the shortfall in compensation through their contracts with private insurers
- increases in provider infrastructure costs associated with new technologies available

If you have any questions regarding this matter, please contact your Account Executive.

Sincerely,

Carlos Cubia  
Vice President  
Sales Division

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