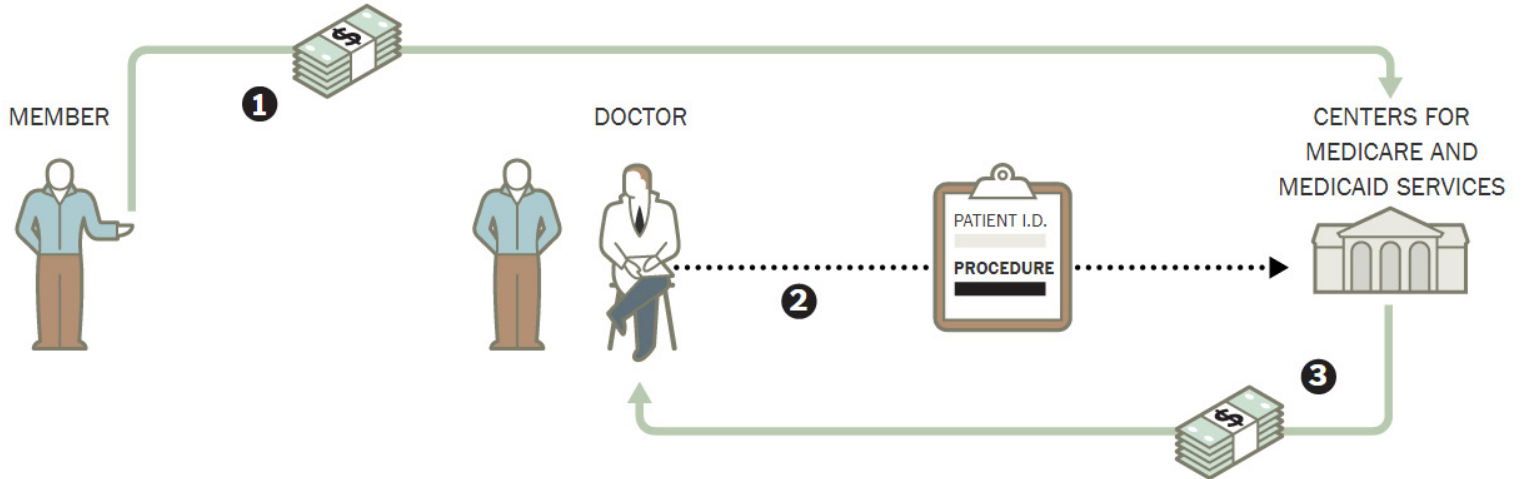


How Medicare & Medicare Advantage Payments Work

The traditional Medicare program reimburses doctors directly for procedures they perform - but that can promote unnecessary treatments and inflate costs. So Medicare Advantage was set up differently: The government contracts with for-profit insurers to manage health care for the elderly, and pays insurers a yearly fee for each member they enroll. That fee is higher for patients recently treated for certain conditions, creating an incentive for Medicare Advantage insurers to search for diagnoses of illness in their patients, even where none may exist.

Traditional Medicare

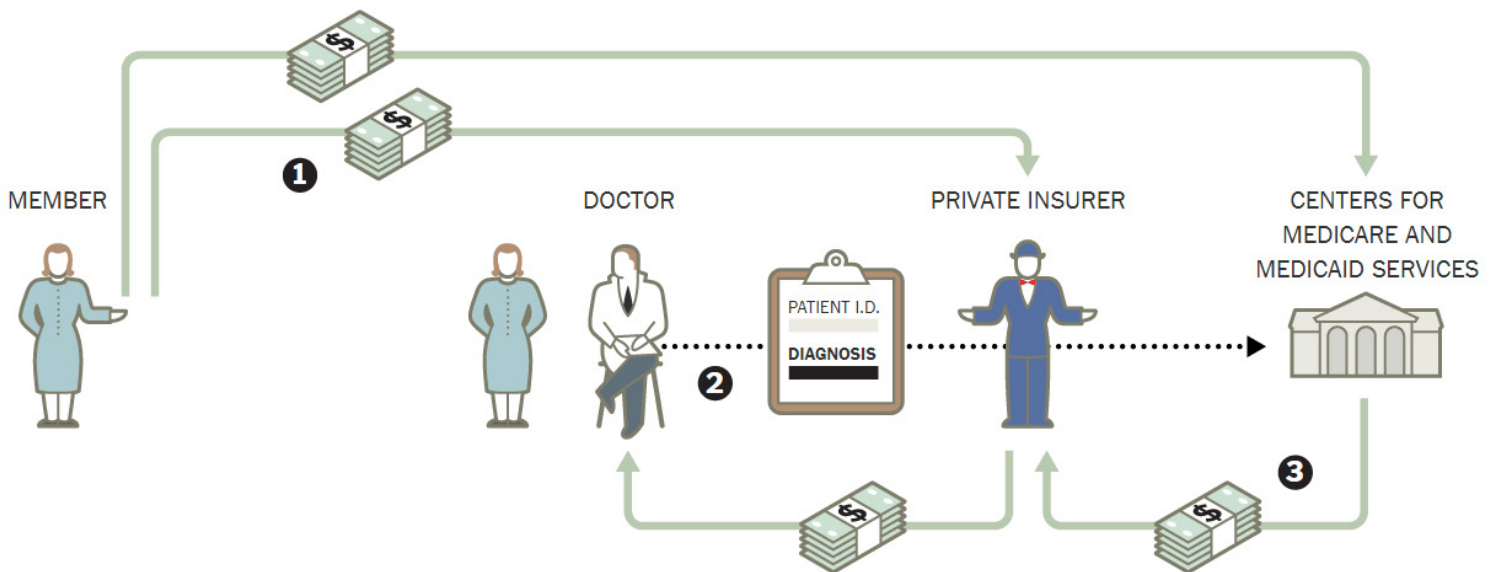


1. **Traditional Medicare** members pay a monthly premium to the Centers for Medicare and Medicaid Services (C.M.S.), whether or not they visit a doctor. C.M.S. also receives funding from U.S. taxpayers.

2. If members see a doctor, the doctor sends a copy of their medical report to C.M.S., to get paid.

3. C.M.S. pays the doctor. Traditional Medicare compensates doctors according to the procedures they perform - lab tests, scans, operations, etc.

Medicare Advantage



1. **Medicare Advantage** members also pay a monthly premium to C.M.S., and often a separate premium to a private insurance company.

2. If Members see a doctor, the doctor sends a copy of the medical report to the private insurer who then pays the doctor.

3. C.M.S. pays the private insurer a base rate for each member. If the private insurer tells C.M.S. that the member required treatment for certain conditions, C.M.S. pays the insurer more.