21%
leading market position

leader

Leading the Way

WellChoice has a long history of providing health insurance in New York, and for 70 years we have offered a broad array of health insurance products and services. We are the largest health insurer in the State of New York with 4.8 million members as of December 31, 2003. Our New York service area consists of the 28 counties of eastern New York, beginning at the tip of Long Island, encompassing New York City, then continuing northward on either side of the Hudson River, through Albany, and ending at the Canadian border. WellChoice holds a leading market position of over 21% in the ten downstate counties of New York. In addition, WellChoice provides health insurance coverage to groups and individuals in 16 counties in New Jersey.

Because market demands continually evolve, the ability to offer a broad array of products and services is vital to protecting and growing market share. Understanding that customers demand choice and flexibility, WellChoice offers an expansive portfolio of 27 innovative managed care and traditional indemnity and specialty products. The most popular managed care options include both a traditional HMO that requires a primary care physician to coordinate all care, as well as a "gatekeeperless" HMO that allows members to self-refer to any in-network specialist. For the most flexibility in a managed care product, the PPO allows members to self-refer to any in-network provider from the largest provider network in the market plus offers the ability to receive care out-of-network for covered services. Positioned between the HMO and the PPO in terms of cost and benefit design is the EPO, which offers members open access to the PPO network, but does not provide benefits for care received on an out-of-network basis.

In 2003, WellChoice expanded our product portfolio with the introduction of the Direct POS product. Exceeding expectations, the POS was launched ahead of schedule in June for small groups and in July for middle-market groups. Flexibility is integral in the POS plan design with a dozen cost-sharing options available to small groups and 14 options available to mid-sized employer groups. The POS

plan is an open access product and utilizes our New York HMO provider network, filling an important niche in the continuum of managed care products available through WellChoice.

WellChoice also offers specialized managed care and indemnity products for eligible Medicare beneficiaries. Senior Plan, a Medicare HMO, is available to eligible Medicare beneficiaries in the lower nine counties of New York. Senior Plan offers all the benefits of traditional Medicare, plus additional benefits, such as coverage for brand name and generic prescription drugs and, beginning in 2004, enrollees will be able to see most in-network specialists without a referral. In addition to Senior Plan, eligible Medicare beneficiaries can select from one of three Medicare Supplemental Plans to provide supplemental coverage in addition to traditional Medicare.

Traditional fee-for-service indemnity as well as pharmacy, vision and dental benefit plans and behavioral healthcare help round out the WellChoice product portfolio. The Company also participates in several government programs including Child Health Plus and Healthy New York, as well as offering the two New York State mandated HMO and HMO/POS individual products.

Key to the success of the Company's managed care products are our expansive provider networks. The commercial HMO network provides in-network access to over 60,000 provider sites and 215 hospitals, the largest HMO network in New York and bordering counties in New Jersey and Connecticut. Members who are enrolled in either the EPO or PPO have access to a network of more than 80,000 provider sites and 228 hospitals. The large size of our provider networks gives members extensive flexibility when selecting a doctor or hospital and helps control costs by ensuring that the majority of care is provided on an in-network basis.

Our broad range of product offerings and extensive provider networks enable us to serve a diverse customer base for an optimal and balanced portfolio of business across all customer segments. Our products are available to customers, individuals, small groups of 2–50 employees, middle-market groups of 51–500 employees, large employer groups with 500+ employees, and large national accounts, as well as multi-trusteed organizations under the Taft-Hartley Act.

flexibility