

May 2007

**BlueLinks... eNews for Brokers and Consultants**

FROM BLUE CROSS BLUE SHIELD OF MASSACHUSETTS



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BlueLinks...
for Employers

Welcome

May 14, 2007

Dear Business Partner:

In this issue, we'd like to inform you about our newly reported first quarter earnings. Our performance and membership retention continue to be strong, and we thank you for your dedicated hard work. Our total medical membership surpassed 3 million.

Also, we have an update about the broker commissions policy for groups of 1-4 subscribers effective July 1, 2007 along with changes to our underwriting guidelines. In addition, we are currently conducting communications efforts around the new Premium Account Agreement and Group Application non-discrimination clause and our Section 125 service that's available at no charge to qualifying accounts.

Sincerely,

Carlos Cubia
Vice President
Sales Division

In This Issue:

- [First Quarter 2007 Earnings](#)
- [Broker Commissions Policy for Groups of 1-4 Subscribers Effective July 1, 2007](#)
- [Changes to Blue Cross Blue Shield of Massachusetts Underwriting Guidelines](#)
- [Non-Discrimination Clause Added to Premium Account Agreement and Group Application](#)
- [Section 125 Plan Support and No-Charge Service](#)

Note: If the above links do not work, scroll down to read the articles.

First Quarter 2007 Earnings Released

On May 15, 2007, we reported our financial results for the first quarter of 2007. During this period, overall enrollment increased by more than 35,000 members, bringing our total medical membership to more than 3 million. We could not have achieved these results without your ongoing dedication and support.

We experienced a high rate of medical costs in the first quarter of 2007, which were primarily attributed to a regional outbreak of gastroenteritis, along with seasonal health care costs related to the flu and discretionary services. Together, they represented an unusual increase in cost trend that is not expected to continue over the course of the year.

We appreciate the opportunity to continue serving you and your clients. For more details about our financial results, please read our recent [press release](#). If you have any questions, please contact your Account Executive.

[Back to Top](#)

Broker Commissions Policy for Groups of 1-4 Subscribers Effective July 1, 2007

The information below outlines the Blue Cross Blue Shield of Massachusetts broker commissions policy for groups of 1-4 subscribers effective July 1, 2007:

- Per sub per month payment of \$16.00 for new subscribers effective July 1, 2007
- Current BOR policy will apply to existing business
- New and retention business 1-4 segment are not eligible for bonus and do not count toward bonus credit in any way (premium, case count, or subscribers)
- Cases that grow to 5 or more are not eligible for percentage of premium commission until next renewal date. Cases that grow to greater than 50 subscribers will be eligible for commission payment as of the next payment cycle. In all cases, bonus credit will begin as of the effective date of commission eligibility.

Qualifying Terms and Conditions:

Commissions and bonus described above are available only to qualified active agencies or brokers (are currently receiving commissions from Blue Cross Blue Shield of Massachusetts) who are licensed by the Massachusetts Division of Insurance and have an existing in-force agreement with Blue Cross Blue Shield of Massachusetts prior to July 1, 2007. Broker must also have satisfied all Blue Cross Blue Shield of Massachusetts credentialing requirements. Compensation is also available to new agencies or brokers after July 1, 2007 ***provided they meet the same criteria as existing brokers and have a minimum of 5 New Account Sales and/or a minimum of 20 contracts. Commissions for new agencies or brokers will commence once the minimum case/contract requirements are met.*** Commissions will only be paid on cases sold directly through Blue Cross Blue Shield of Massachusetts. No commissions will be paid for cases sold through other intermediaries, including the Commonwealth Health Insurance Connector.

Blue Cross and Blue Shield of Massachusetts, Inc. reserves the right to modify the terms of this program as it deems necessary or appropriate without any advance notice.

[Back to Top](#)

Changes to Blue Cross Blue Shield of Massachusetts Underwriting Guidelines

As part of the non-group and small-group markets merger under the Health Care Reform law and to provide greater access to our plans available to individuals and small groups, we have made some changes to our Underwriting Guidelines.

Effective July 1, 2007, groups of 1-50 will now be able to enroll in Blue Cross Blue Shield of Massachusetts medical health care plans provided they contribute a minimum 33% toward the cost of an individual or family plan and have a 70% net eligible employee participation level.

Groups that have a minimum employer contribution of 33%, but don't have a 70% participation level are still able to enroll; however, they will be subject to a graduated rating load that's based on participation levels below 70%. For these cases, please contact a New Sales Executive directly.

[Back to Top](#)

Non-Discrimination Clause Added to Premium Account Agreement and Group Application

Blue Cross Blue Shield of Massachusetts has added a non-discrimination clause to our Premium Account Agreement and Group Application as a result of the Health Care Reform provisions effective July 1, 2007 that allow health carriers to only renew or enter into insured group health benefit plan contracts with employers that (1) offer such coverage to all full-time employees who live in Massachusetts; and (2) do not make greater premium contribution levels to higher-

paid employees than the employer makes to lower-paid employees.*

The new paragraph in Section 3 of the Agreement states:

Non-Discrimination as Required Under Massachusetts Law

By accepting this Agreement, you certify that each of the benefit plans provided for under this Agreement for Massachusetts residents will be offered to all of your full-time employees who live in Massachusetts. For purposes of this provision, full-time employees is limited to that employee classification as defined by Massachusetts law or regulations (generally employees working 35 hours or more each week). You also certify that, except as permitted by law, your premium contribution percentage amount for any one full-time employee living in Massachusetts is not less than your premium contribution percentage amount for any other full-time employee living in Massachusetts who is enrolled in the same benefit plan and whose total hourly or annual salary is the same or more. (This non-discrimination provision does not apply for an employer that establishes separate contribution percentages for employees who are covered under collective bargaining agreements.) If Blue Cross and Blue Shield has a reason to believe that you are not in compliance with this non-discrimination provision, this Agreement may be subject to immediate termination as described in Section 10(e).

Existing accounts with an anniversary date of July 1, 2007 or later will receive a revised Agreement with an attached cover sheet that draws their attention this change.

New accounts with an effective date of July 1, 2007 or later will receive a revised Group Application that includes similar non-discrimination wording.

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

**These provisions do not apply to premium contribution differentials for employees covered by collective bargaining agreements.*

[Back to Top](#)

Section 125 Plan Support and No-Charge Service

Blue Cross Blue Shield of Massachusetts can help employers in establishing a Section 125 Plan through an agreement we've made with Fiserv Health Plan Management. For those small groups who qualify, this service is available at no charge. To learn more about this no-charge Section 125 service, contact your Account Executive, download the PDF [fact sheet](#), or visit our [website](#).

The *Section 125 Plan Handbook for Employers* available on the Health Connector's website explains the new requirement that they adopt and maintain a Section 125 Plan effective July 1, 2007 if they have 11 or more full-time employees. The Section 125 Plan Handbook for Employers PDF can be downloaded at the Health Connector's [website](#) by going to the "Key Resources" section.

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

[Back to Top](#)

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