

Product Portfolio and Benefit Design Updates, Effective January 1, 2011



MASSACHUSETTS

At Blue Cross Blue Shield of Massachusetts, we believe the most promising way to slow rising health care costs is to improve the quality, safety, and effectiveness of the health care our members receive. We view this as part of our ongoing commitment to offer employers and their employees the product solutions that meet their needs and budgets. As part of this effort, and in keeping with current market trends, we are making benefit changes across many of our standard plan designs.

The standard plan benefit changes presented here apply to new and renewing plans beginning January 1, 2011.

National Health Care Reform (NHCR)

Please note: This article highlights some provisions in the new NHCR regulations and other laws and is not intended as legal advice. This is not meant to serve as a complete summary of the new requirements. Accounts should consult their legal counsel for compliance guidance and legal advice.

On March 23, 2010, President Obama signed NHCR into law. Given the enormous scope of the new law, federal regulations will be released over the coming months and years. Blue Cross Blue Shield of Massachusetts has been focused on reviewing and assessing the law's impact on our business partners and members. We will make any necessary adjustments in our business with the goal of continuing to provide our members with the highest quality products, at the best possible price, with the outstanding customer service our members have come to expect.

Many of the advantages and requirements of NHCR are already in place due to Massachusetts health care reform and other regulations. The following bullets are the required NHCR benefit plan design changes that are being made to our standard plans. The most significant of these changes is the elimination of cost sharing for certain preventive care services.

- **Lifetime Limits:** All group health plans and issuers offering group or individual health insurance coverage are prohibited from establishing lifetime limits on the dollar amount of essential benefits for any individual. In order to meet this requirement, we will be removing the lifetime limits from our standard plans that currently have a lifetime limit. This provision applies to insured and self-insured medical accounts.
- **Annual Limits:** All group health plans and issuers offering group coverage or individual health insurance coverage may only establish a restricted annual limit on the dollar value of essential health benefits. (After 2014, even restricted limits will not be permissible.) We are removing annual limits on those essential benefits that currently apply an annual dollar limit. This provision applies to all insured and self-insured medical accounts.
- **Preventive Care with No Cost Share:** All group health plans and issuers offering group coverage or individual health insurance coverage may not impose cost sharing for certain preventive coverage, including, but not limited to, immunizations, screenings, and other services, as recommended by certain federal agencies. Coverage of certain preventive services is also required. In order to meet this requirement, for in-network benefits, we will be removing all cost sharing, including deductibles, copayments, and co-insurance. In certain plans, we will also be adding coverage for preventive care services with no cost share. This provision applies to all insured and self-insured medical accounts.
- **Dependent Coverage Extension to Age 26:** All group health plans and issuers offering group coverage or individual health insurance coverage that provide coverage to dependents must offer coverage to all adult children up to age 26, regardless of the dependents' Internal Revenue Service tax qualification status, marital status, student status, or employment status. This provision applies to all insured and self-insured medical accounts, except for Essential Blue plans.

Please note: For grandfathered, self-insured accounts only, until January 1, 2014, the NHCR dependent coverage requirement does not need to be offered if a dependent is eligible and has access to other group health coverage through his/her employer.

Please note: The Patient Protection and Affordable Care Act (PPACA) does not change or preempt the Massachusetts law regarding coverage of dependents to age 26, which continues to apply to insured plans.

Federal Mental Health Parity

Following the passage of the Mental Health Parity and Addiction Equity Act of 2008 Interim Final Rule (“the Rule”), the Department of Labor issued a significant guidance update to the Rule on July 1, 2010. According to the July 1, 2010 guidance, when applying the Rule’s financial requirement and treatment limitation tests to determine parity, plans may, until further notice, divide outpatient benefits into two categories:

- Office visits
- All other outpatient items and services

Our test results showed that the majority of our standard plans did not require benefit changes. Please see the accompanying Standard Medical Plan Design Changes brochure to identify changes to our insured standard plans available for 51 or more employees.

Please note: This guide should be used for general information only, and is not intended as legal advice. For a complete understanding of the law and its requirements, please contact your legal counsel.

State-Mandated Change: Early Intervention

The Massachusetts budget bill for fiscal year 2011, signed by Governor Patrick on June 30, 2010, includes an amendment to existing insurance mandates that prohibits health plans and insurers from charging a copayment, co-insurance, or deductible for medically necessary early intervention services furnished by an early intervention provider for an enrolled child from birth until his or her third birthday. This applies to all plans that provide coverage for dependents. Blue Cross Blue Shield of Massachusetts is in the process of updating the affected plans to remove all member copayments, co-insurance, and deductibles on medically necessary early intervention services provided on or after July 1, 2010. This change is being applied to all insured group, non-group, and administrative services contract (ASC) 32B plans, excluding: Medicare Advantage, Medex,[®] Medicare supplement plans, Managed Blue for Seniors,SM Essential Blue Young Adult (YA), and the Federal Employee Program (FEP). For HSA-compliant plans, early intervention services will still be subject to the overall plan deductible, but not the copayment or co-insurance. We are in the process of updating Evidence of Coverage (EOC) packages to include language about the early intervention mandated change.

For ASC 32B accounts, the mandate was applied, effective July 1, 2010, in conjunction with fully insured business. For all other ASC accounts, we will apply this benefit change beginning with October 1, 2010 renewal dates, unless the account declines the benefit. Please contact your account executive to discuss how you would like to proceed with the Massachusetts early intervention mandate.

State-Mandated Change: Autism

On Tuesday August 3, 2010, Governor Patrick signed an autism bill that requires certain insurance policies to provide benefits, on a non-discriminatory basis, for the diagnosis and treatment of autism spectrum disorders in individuals. Affected insurance policies that are issued, delivered, or renewed on or after January 1, 2011 will be required to provide these new mandated benefits. For more information regarding this benefit change, please contact your account executive.

Value-Based Plan Design

As part of our ongoing efforts to enhance our commercial product portfolio and incorporate value-based design concepts that encourage members to use high-quality, lower cost services, we will be applying a lesser level of copayment for most primary care provider (PCP) services than for specialist services to standard HMO plans that do not currently have a differential copayment in place.

Accounts with 100 or more employees will be able to decline this change by informing their account executives.

Please see the accompanying Standard Medical Plan Design Changes brochure for a detailed overview of the changes.

Blue Options v.3 Hospital Tiering Update

As a result of improvements in providers' quality and cost performance, we will be updating the hospital tiering in our Blue Options benefit designs. There is no change to our methodology. The updates will be made to Blue Options v.3 and will be effective in a one-day change for all Blue Options plans and accounts on January 1, 2011.

Five hospitals will be moving from the Basic Benefits Tier to either the Enhanced or Standard Benefits Tier, and as a result, members will have lower out-of-pocket costs.

Hospital Name	New Tier	Reason for Tier Improvement
Beth Israel Deaconess Hospital—Needham	Enhanced Benefits Tier (lowest member cost share)	Quality
Boston Medical Center	Enhanced Benefits Tier (lowest member cost share)	Quality
Wing Memorial Hospital	Enhanced Benefits Tier (lowest member cost share)	Quality
Addison Gilbert Hospital	Standard Benefits Tier (mid-level member cost share)	Cost
Beverly Hospital	Standard Benefits Tier (mid-level member cost share)	Cost

Hospital Choice Cost Sharing

One of our top priorities is to offer employer groups and individuals access to a wide range of coverage options at an affordable price, while encouraging the use of high-quality, low-cost providers. To achieve these goals, effective on or after January 1, 2011 for new sales, and on anniversary for renewing customers, we will be applying two levels of hospital benefits to the following individual and small group standard plans:

- HMO Blue® \$2,000 Deductible
- HMO Blue New EnglandSM Value Plus
- HMO Blue New England Enhanced Value
- HMO Blue New England Premier Value
- HMO Blue New England Premier Value with Co-insurance
- HMO Blue New England \$500 Deductible
- HMO Blue New England \$1,000 DeductibleSM
- Preferred Blue PPOSM \$1,000 Deductible
- Preferred Blue PPO \$2,000 Deductible
- Preferred Blue PPO Basic \$2,000
- Access Blue BasicSM \$2,000

Please note: These changes do not apply to closed calendar year deductible plans.

High-Quality, Lower Cost Care

Members in these plans will have an opportunity to control their share of the medical costs every time they get hospital services. For most network hospitals, members will pay the lower cost share. Members will pay a higher cost share when they receive certain services at or by “higher cost share network hospitals,” including inpatient admissions, outpatient day surgery and some other hospital outpatient services. The higher hospital cost share will apply at these hospitals even if the member’s provider refers them. The higher hospital cost share does not apply to emergency room services. You can see how the costs of the different cost share levels compare by viewing the charts beginning on page 5.

Additionally, as a result of this increased cost share, some plans will also have a change in their out-of-pocket maximum.

Higher Cost Share Hospitals

The hospitals listed below are the Massachusetts hospitals in which members’ cost share will be higher:

- Baystate Medical Center
- Berkshire Medical Center
- Brigham and Women’s Hospital
- Cape Cod Hospital
- Caritas St. Anne’s Hospital
- Children’s Hospital Medical Center
- Cooley Dickinson Hospital
- Dana-Farber Cancer Institute
- Fairview Hospital
- Harrington Memorial Hospital
- Massachusetts General Hospital
- North Shore Medical Center—Salem Campus
- North Shore Medical Center—Union Campus
- South Shore Hospital
- Sturdy Memorial Hospital
- UMass Memorial Medical Center—Memorial Campus
- UMass Memorial Medical Center—University Campus

The higher cost share hospitals, above, are the same as those hospitals in the Basic Benefits Tier in our Blue Options plan designs. All other network hospitals will carry the lower cost share, including network hospitals outside of Massachusetts. For additional information regarding hospital tiers, log on to www.bluecrossma.com and select **Find a Doctor**.

Individual & Small Group Plans (1–50)

These changes are being made to the standard individual/small group plans listed above, however, individuals and small groups have a choice to maintain a single-level hospital benefit. For more information, please contact your account executive.

Large Group Plans (51+)

We will not be incorporating Hospital Choice Cost Sharing into our standard large group plans, however, large groups will have the option to include these benefits. Please contact your account executive for more information.

HMO Blue \$2,000 Deductible

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
Deductible	\$1,000 after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
Deductible	\$450 after deductible
Outpatient Diagnostic Lab Tests	
Deductible	\$35 after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
Deductible	\$100 after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$35 after deductible	\$70 after deductible

HMO Blue New England \$500 Deductible

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
Deductible	\$1,000 after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
Deductible	\$450 after deductible
Outpatient Diagnostic Lab Tests	
Deductible	\$35 after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
Deductible	\$100 after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$35 after deductible	\$70 after deductible

HMO Blue New England \$1,000 Deductible

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
Deductible	\$1,000 after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
Deductible	\$450 after deductible
Outpatient Diagnostic Lab Tests	
Deductible	\$35 after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
Deductible	\$100 after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$35 after deductible	\$70 after deductible

HMO Blue New England Premier Value¹

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
\$250	\$1,250
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
\$75	\$525
Outpatient Diagnostic Lab Tests	
No cost	\$35
Outpatient Diagnostic X-Rays / Other Imaging Tests	
No cost	\$100
Outpatient Short-Term Rehabilitation Therapy	
\$40	\$75

1. The following additional changes will apply even if you maintain a single-level hospital benefit:

- The out-of-pocket maximum will increase from \$1,000/\$2,000 to \$5,000/\$10,000.
- Removal of the following provision: You will pay no more than a total of \$500 for copayments, if there are any, for inpatient and/or day surgery admissions within 30 days of each other for the same related illness.
- Updated the following provision: In Connecticut, when the copayments for CT scans, MRIs, PET scans, and/or nuclear cardiac imaging tests add up to a total of \$375 per member in a calendar year, you pay nothing for these tests for the remainder of that calendar year.

HMO Blue New England Premier Value with Co-insurance²

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
35% co-insurance	50% co-insurance
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
35% co-insurance	50% co-insurance
Outpatient Diagnostic Lab Tests	
35% co-insurance	50% co-insurance
Outpatient Diagnostic X-Rays / Other Imaging Tests	
35% co-insurance	50% co-insurance
Outpatient Short-Term Rehabilitation Therapy	
\$40	\$75

2. The following additional changes will apply even if you maintain a single-level hospital benefit:

- The out-of-pocket maximum will increase from \$2,000/\$4,000 to \$3,000/\$6,000.
- Removal of the following provision: You will pay no more than a total of \$500 for copayments, if there are any, for inpatient and/or day surgery admissions within 30 days of each other for the same related illness.
- Updated the following provision: In Connecticut, when the copayments for CT scans, MRIs, PET scans, and/or nuclear cardiac imaging tests add up to a total of \$375 per member in a calendar year, you pay nothing for these tests for the remainder of that calendar year.

HMO Blue New England Value Plus³

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
\$250	\$1,250
Outpatient Day Surgery	
\$150	\$1,150
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
\$25	\$475
Outpatient Diagnostic Lab Tests	
No cost	\$35
Outpatient Diagnostic X-Rays / Other Imaging Tests	
No cost	\$100
Outpatient Short-Term Rehabilitation Therapy	
\$30	\$65

3. The following additional changes will apply even if you maintain a single-level hospital benefit:

- The out-of-pocket maximum will increase from \$1,000/\$2,000 to \$5,000/\$10,000.
- Removal of the following provision: You will pay no more than a total of \$500 for copayments, if there are any, for inpatient and/or day surgery admissions within 30 days of each other for the same related illness.
- Updated the following provision: In Connecticut, when the copayments for CT scans, MRIs, PET scans, and/or nuclear cardiac imaging tests add up to a total of \$375 per member in a calendar year, you pay nothing for these tests for the remainder of that calendar year.

HMO Blue New England Enhanced Value⁴

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
\$500	\$1,500
Outpatient Day Surgery	
\$250	\$1,250
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
\$50	\$500
Outpatient Diagnostic Lab Tests	
No cost	\$35
Outpatient Diagnostic X-Rays / Other Imaging Tests	
No cost	\$100
Outpatient Short-Term Rehabilitation Therapy	
\$35	\$70

4. The following additional changes will apply even if you maintain a single-level hospital benefit:

- The out-of-pocket maximum will increase from \$2,000/\$4,000 to \$5,000/\$10,000.
- Removal of the following provision: You will pay no more than a total of \$500 for copayments, if there are any, for inpatient and/or day surgery admissions within 30 days of each other for the same related illness.
- Updated the following provision: In Connecticut, when the copayments for CT scans, MRIs, PET scans, and/or nuclear cardiac imaging tests add up to a total of \$375 per member in a calendar year, you pay nothing for these tests for the remainder of that calendar year.

Access Blue Basic \$2,000

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Day Surgery	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Diagnostic Lab Tests	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$35 after deductible	\$75 after deductible

Preferred Blue PPO \$1,000 Deductible

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
Deductible	\$1,000 after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
Deductible	\$450 after deductible
Outpatient Diagnostic Lab Tests	
Deductible	\$35 after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
Deductible	\$100 after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$15 after deductible	\$50 after deductible

Preferred Blue PPO \$2,000 Deductible

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
Deductible	\$1,000 after deductible
Outpatient Day Surgery	
Deductible	\$1,000 after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
Deductible	\$450 after deductible
Outpatient Diagnostic Lab Tests	
Deductible	\$35 after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
Deductible	\$100 after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$15 after deductible	\$50 after deductible

Preferred Blue PPO Basic \$2,000

At or by Network Hospitals or Providers	At or by Higher Cost Share Network Hospitals
Inpatient Admissions	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Day Surgery	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Diagnostic High-tech Radiology (CT scans, MRIs, PET scans, and nuclear cardiac imaging tests)	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Diagnostic Lab Tests	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Diagnostic X-Rays / Other Imaging Tests	
20% co-insurance after deductible	30% co-insurance after deductible
Outpatient Short-Term Rehabilitation Therapy	
\$25	\$40

Plan Closings for Individual & Small Group Sales

We recently reviewed our plan design offerings in the individual and small group markets. The following plans are being closed to new individual and small group sales for effective dates on or after January 1, 2011. Individuals and small groups currently enrolled in these plans may continue to renew their coverage in these plans.

- HMO Blue Enhanced Value
- HMO Blue Options
- HMO Blue Options Deductible
- HMO Blue Premier Value
- HMO Blue Premier Value with Co-insurance
- HMO Blue ValueSM
- HMO Blue Value PlusSM
- HMO Blue New England OptionsSM
- HMO Blue New England Value
- Access Blue New England Enhanced ValueSM
- Access BlueSM Saver
- Blue Care ElectSM Enhanced Value
- Preferred Blue PPO 80 with Copay

If you have any questions, please contact your account executive.

Dependent Care Coverage: Extension to Age 26 for Dental Blue Plans

The Patient Protection and Affordable Care Act, enacted on March 23, 2010, requires plans that provide coverage to dependents to offer coverage to all adult children up to age 26, regardless of the dependent's Internal Revenue Service tax qualification status, marital status, student status, or employment status.

Although the mandate does not apply to dental plans, Blue Cross Blue Shield of Massachusetts will be applying the dependent coverage provisions to our Dental Blue plans to make plan administration easier for our accounts. This change will be effective on anniversaries beginning January 1, 2011. Dental accounts with 100 or more employees will be able to decline this change in eligibility by informing their account executive.

Online Benefit Information

As a valued business partner, you can use our online resources to get the most up-to-date information on all of our available plan designs. Please go to www.bluecrossma.com/broker or www.bluecrossma.com/employer for more detailed benefit summary information.

Please see the accompanying Standard Medical Plan Design Changes brochure for a complete listing of all standard plan changes.

