From the desk of: Allen Maltz, Chief Financial Officer

Like many of you, I must annually balance my own company’s desire and commitment to provide quality health care to employees with available financial resources. These decisions (and sometimes trade-offs) in coverage are never easy; health benefits clearly play an important role in the lives of employees and their families (and are a key factor in job satisfaction and productivity). Hence, our company’s vision of making quality health care affordable particularly resonates with me. At Blue Cross, we are always mindful of the rising cost of health care and the various fiscal challenges facing our customers, especially our municipal accounts.

In previous editions of the Municipal Advisor, you may have read about how Blue Cross effectively manages your premium dollar to ensure that you get the best value. We were the only Massachusetts health plan to meet or exceed government standards for three consecutive years by spending 90% or more of every premium dollar on our members’ medical care.

In this issue, we continue the dialogue on how Blue Cross leverages our experience and expertise to develop innovative strategies for keeping costs down while continually offering quality health care. We are proud to share an independent analysis by Milliman that once again confirms the lower total cost of care provided by Blue Cross versus other carriers. We’ll also discuss ways we prevent provider billing abuse, duplicative payments, and fraud and improve claims payment accuracy and timeliness—all of which impact health care costs. Lastly, we will take a closer look at our prevention and wellness services and the importance of primary care, both of which can help lower costs and improve a member’s well-being.

We value our strong partnership with municipalities, and I want to emphasize that it is very much a partnership. We want to hear from you, on your needs, challenges, ideas, and we want to work together to ensure that you receive the type of quality, affordable health coverage that your employees expect, and we have been proudly providing for over 75 years.

Allen Maltz
Chief Financial Officer

Milliman: Blue Cross delivers the lowest total cost of care

Independent analysis highlights that Blue Cross holds a substantial cost advantage compared to the overall market.

<table>
<thead>
<tr>
<th>Market Average</th>
<th>Best Competitor</th>
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<tbody>
<tr>
<td>12.1% Savings with Blue Cross ($41 PMPM)</td>
<td>7.2% Savings with Blue Cross ($23 PMPM)</td>
</tr>
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</table>

Source: Milliman National Market Benchmark Comparison, 2013 (Data for period 1/1/2012-12/31/2012). No reproduction without permission. See page 6 for further details.
Enhance your PPO plan with a primary care provider

A preferred provider organization (PPO) plan does not require a member to select a primary care provider (PCP), or get a referral to see a specialist. However, Blue Cross recognizes the valuable role that PCPs play in ensuring our members receive optimal coverage and care. For this reason, we hope you will encourage all of your employees, even those in a PPO plan, to select a primary care provider.

Selecting a PCP will not alter a PPO member’s plan, and it will not require the member to obtain a referral to see other providers. Rather, this selection will enable the member to receive more focused and coordinated care directed by a doctor familiar with his/her medical history. Once a member selects a provider, Blue Cross shares the member’s critical medical information with that provider, such as prescriptions and past visits. This is the information that will help that PCP provide more effective medical advice and guidance to the member.

Having a PCP helps members remain healthier as they age. Establishing a relationship with a PCP now helps that provider better understand a member’s past and current health status, so that they can be more proactive in identifying potential health issues in the future. Additionally, by seeing their PCP for regular preventative exams and screenings rather than only when they’re sick, members avoid the risk of developing more serious or chronic medical issues.

By encouraging your employees to select a PCP, you can help ensure that they will have access to the quality of care that they deserve.

Having a PCP helps members remain healthier as they age.

Meet our sales team: An interview with Mike Breen

With experience comes expertise, and that is exactly what Blue Cross account executive Mike Breen brings to the table. For more than a decade and a half, Mike has helped his customers better understand the evolving health care industry, and in doing so has developed a keen understanding of what the prominent pain points are, and how to address them individually.

For Mike, the root of his interest as an account executive is simple. “In this line of work, it’s the people you meet and the connections you forge that make every effort worthwhile. When working directly with customers, it becomes clear that we both want to find effective health care solutions, and in my experience, we find long-term solutions faster when working together.”

Collaboration is important to Mike, and not just at work. As assistant coach of the Minutemen Lady Flames, a traveling girls hockey team featuring his daughter at the center position, Mike stresses the importance of nurturing a team mentality. Employing his characteristic casual personality, Mike has a special knack for inspiring others to work toward a shared goal.

When asked what he finds to be the most rewarding aspect of working with municipalities, Mike responded with what you might expect a veteran problem solver to say, “Helping each client achieve their respective goals while saving them time and money in the process.”

Fun facts about Mike:

<table>
<thead>
<tr>
<th>Family</th>
<th>College</th>
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</thead>
<tbody>
<tr>
<td>Husband, and father to two daughters, 11 and 15</td>
<td>Anna Maria College in Paxton, MA</td>
</tr>
<tr>
<td>Hometown</td>
<td>Interests</td>
</tr>
<tr>
<td>Lives in Shrewsbury, MA</td>
<td>Avid golfer; Spending time with family</td>
</tr>
<tr>
<td>(Grew up in Westborough, MA)</td>
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</tbody>
</table>
The Berkshire Health Group (BHG) is a JPA (joint purchase agreement) in western Massachusetts. Recently, BHG engaged with Berkshire Health System’s work program manager Lisa Laramy RN, and Blue Cross wellness consultant Amy Higgins, to deliver wellness programs that are having a life-changing impact on BHG members.

Prevention and wellness are important
Laramy is a champion of prevention and wellness, and relies on her background as a registered nurse, certified diabetes educator, personal trainer, and health coach to provide advice and guidance to members. She and her colleagues believe that the best way to control the rising costs of health care in Massachusetts is to keep people actively engaged in improving and monitoring their health.

What is Berkshire Health Group doing to promote employee health?
Berkshire Health Group has placed considerable emphasis on nurturing a culture of health that promotes member engagement. The Healthy Steps program represents a continued effort to ensure that member health remains a focal point at BHG.

The Healthy Steps program
This 8-week program aims to motivate members, and provide them with resources and information to achieve a healthier lifestyle. Using funds from winning a Blue Cross Municipal Innovation award, BHG has enhanced its wellness program that introduced healthier habits through dietician-led presentations. Then using a point tracking system, members monitored their daily eating and exercise habits, and earned points by making healthy decisions.

As members tracked their activity and accumulated points from making better decisions, they were rewarded with prizes and recognition. On average, members lost four pounds by the eighth week. At the heart of the program is the desire to empower members, and by doing so, Healthy Steps has had a significant impact on the health of BHG employees.

A glimpse at some success stories

- **Scantic Valley Regional Trust:** We advised on a strategy that utilized the ahealthyme portal to track participation in a health assessment campaign, completion of biometric screenings, and behavior change workshops. Almost 200 members completed the health assessment, thereby learning valuable health status information.
- **Hampshire County Group Insurance:** We developed a colonoscopy screening incentive program in which over 150 employees participated.
- **City of Holyoke:** We collaborated with the HR department to develop a wellness committee that is preparing to implement a yearlong wellness program to lower employee health risks.

Wellness and prevention best practices from Berkshire Health Group

As members tracked their activity and accumulated points from making better decisions, they were rewarded with prizes and recognition. On average, members lost four pounds by the eighth week. At the heart of the program is the desire to empower members, and by doing so, Healthy Steps has had a significant impact on the health of BHG employees.

**Tips for a healthier you from the Healthy Steps program**

- Monitor how hungry or full you feel
- Eat 6 fruits and veggies a day
- Avoid saturated fats
- Avoid desserts or sweets
- Avoid high fructose corn syrup
- Don’t snack after dinner
The Municipal Blue Innovation Awards (or the Munis) highlight the new and inventive cost containment measures, collaborative and customized worksite wellness programs, and innovative health plan designs utilized by municipalities throughout the state. The awards will be presented, along with a $5,000 wellness grant, to the winners in ceremonies at their local communities this spring.
AGAWAM
Agawam was recognized for converting their retirees to a new Medex drug plan which led to significant savings for the taxpayers and created a culture of strong communication between the Town, the retirees, and the Insurance Advisory Committee (IAC).

HOPKINTON
Hopkinton realized an overall cost savings by introducing new and innovative plan designs and encouraging healthy behaviors.

DARTMOUTH
Dartmouth was recognized for lowering their retirees’ costs, and for offering a robust educational wellness program which emphasizes proper emergency room use, including the benefits of Blue Cross nurse managers and urgent care centers. The town also continues their efforts to build a sustainable community.

SHAWSHNEEN VALLEY TECHNICAL SCHOOL
Shawsheen Valley Technical School in Billerica earned their Muni award for their successful wellness initiatives geared towards lowering health risks.

CHELMSFORD
Chelmsford is being recognized for their team effort in stabilizing cost increases. Chelmsford’s Town Manager and PEC, as well as MIIA, worked collaboratively to reach a three-year agreement to stabilize cost increases for 2015-2017, while also broadening wellness initiatives for employees.

NEWBURYPORT
Newburyport’s collaborative efforts to seek out new, innovative plan solutions to drive member engagement and improve their health earned them a Muni award. They also worked collaboratively to reach a two-year agreement with their Public Employee Committee (PEC) and the Massachusetts Interlocal Insurance Association (MIIA).
Blue Claim Recovery Advantage℠: Saving you money and preventing fraud

Making quality health care affordable is our top priority at Blue Cross. As a result, we have put in place a variety of programs and policies to reduce claims costs. These cost-containment services, termed Blue Claim Recovery Advantage℠, help improve claims payment accuracy and timeliness as well as prevent waste, billing abuse, and fraud. A few of the many features of this program are listed below:

Coordination of benefits
We coordinate benefits with other health insurers, including automobile, Medicare, and commercial insurance, to prevent duplication of payments. To identify subscribers who may have other insurance, Blue Cross surveys subscribers on an annual basis and participates in a data exchange with the Centers for Medicare and Medicaid Services to identify members who have Medicare coverage.

Claims Recovery Team
Our Claims Recovery Team identifies duplicate claim payments, and claim overpayments and underpayments. This arm of our organization collaborates with our Fraud Investigation and Prevention team to ensure the accuracy of billing and payments.

Fraud Investigation & Prevention (FIP) Unit
Our internal FIP unit actively responds to all tips regarding potential fraud, and works to identify and prevent waste or abuse. Additionally, the unit pursues recoveries for identified overpayments to providers, making sure that members are protected and treated fairly.

What can you do to help protect your employees?
• Send timely updates to employees about benefits and eligibility to ensure accurate claim processing and minimize retroactive processing of claims.
• Take advantage of opportunities to share Medicare and workers compensation benefit data to avoid any duplication of benefits.

We appreciate your business and strive for innovative ways to meet our members’ needs and keep costs affordable. Please contact your account executive with any questions or to learn more.

The lowest total cost of care

Choosing a health insurance carrier is a difficult decision. There are many different metrics to compare carriers such as the premium or administrative fee charged, or the contracted rates that insurers pay providers for in-and-out-of-network coverage (also known as “network discounts”). While these metrics provide a straight-forward way to compare carrier costs, there is a new way to capture the full value of doing business with one carrier versus another. Examining the total cost of care offers a more comprehensive and meaningful approach to compare the relative value of different health insurance carriers today, and in the foreseeable future.

Total cost of care model
Total cost of care represents a refined approach to measuring the three main elements that make up health care costs: network discounts, in-network usage (demonstrating the breadth of a carrier’s network), and utilization levels (reflective of care management, prevention and wellness, and utilization management programs). These three elements, when analyzed together, provide a more complete way to evaluate the total value of health care purchasing.

Realize savings with Blue Cross
An independent consulting firm determined that Blue Cross holds a significant cost advantage compared to the overall market. This study—commissioned by Consortium Health Plans and conducted by Milliman—compared the total cost of care in all markets nationwide. Results showed that we have a 12.1% cost savings over the national market average, and 6.2% cost savings over the Massachusetts market average. This study also took the results of the carriers that performed the best in each of the three categories and created a hypothetical “best competitor,” and Blue Cross still offered higher cost savings at 7.2%.

Our efforts to control what providers charge for services and educate members on where to best seek care have helped Blue Cross to pass along these savings to you, our customers. To learn more about the total cost of care analysis, and the potential savings for your municipality from partnering with Blue Cross, please speak to your account executive.

Source: Milliman National Market Benchmark Comparison, 2013 (Data for period 1/1/2012-12/31/2012). No reproduction without permission.
Guest Column: Edward Kelly, President, Professional Fire Fighters of Massachusetts

In the wake of the Great Recession of 2008, public employees saw their benefits attacked throughout the country and significantly reduced in many states and municipalities. The challenges of an evolving health care system, which saw double-digit inflation on an annual basis, burdened state and municipal budgets. The need to address these fiscal challenges was not lost on the public employees who depend on those budgets not only to deliver services, but also for workplace safety and wages.

Here in Massachusetts three significant pieces of legislation took aim at tackling this issue. Governor Patrick signed a health care cost containment bill which could save as much as $200 billion dollars over 15 years. The Legislature also addressed health care costs by establishing a commission to study retiree health care which made several recommendations including increasing the minimum age and years of service for eligibility as well as pro-rating the premium contribution split. Projected savings for states and municipalities are estimated at $20 billion over 30 years.

Blue Cross annual report: A banner year for collaboration with cities and towns

Our recently published annual report included a story and videos featuring two of our municipal accounts, Hampshire County Insurance Trust and the Town of Saugus. Representatives from the Trust and the Town describe in detail why Blue Cross was the right choice for them.

“We came together and said, let’s find something that works for the town, the taxpayers, the employees, and the retirees, so we can have the best coverage at the best cost,” said Bill Cross, Saugus Fire Department Union President.


Blue Cross provides coverage for...

MORE THAN 75%
of all municipal entities in Massachusetts

MORE THAN 440municipal entities (cities and towns, schools, water districts, fire districts)

MORE THAN 300k municipal employees, family members, and retirees
In 2010, we introduced our skills-based volunteer program, which pairs the talent and expertise of our associates with community organizations in need of support. Now in its fifth year, the program is a staple of our civic engagement efforts that strive to continually support and improve the quality of life for the many communities we serve. Over the past five years, we have matched our highly skilled associates with some of Massachusetts’ most prominent nonprofits. Associates fulfill key organizational needs in order to support the growth of each group. Here is a sampling of the community-based organizations we look forward to partnering with in 2015:

- **Rosie’s Place**—Develop recommendations on how to simplify complex technical instructions to enable the staff to be more efficient and effective.

- **Codman Square Health Center**—Develop and document a new patient intake process and provide recommendations to facilitate smooth access to care, ensure proper visit charge and documentation, and improve the overall patient experience.

- **School on Wheels**—Capture current departmental processes involved in day-to-day operations and recommend business process improvements.

- **St. Mary’s Center for Women and Children**—Assess the organization’s purchasing processes and create a centralized procurement tracking system for its 10 departments.

- **United Way of Mass Bay & Merrimack Valley**—Create a professional development strategy to build leadership capabilities and retain a high performing staff. Serving the community and investing in the talent of our local cities and towns is essential to our corporate mission. Learn more about our corporate citizenship efforts by visiting: http://www.bluecrossma.com/visitor/corporate-citizenship/index.html.