

IAI

IMPORTANT ADMINISTRATIVE INFORMATION

Feature Article	2
General Updates	7
Product/Network Updates	9
Pharmacy Management	11
Proactive Health Management	15
Technological Innovation	18



MASSACHUSETTS

DECEMBER 2006

II Health Care Reform Updates

Health Care Reform Updates on Dependent Eligibility

As a result of the passage of the health care reform bill in Massachusetts (Chapter 58 of the Acts of 2006), changes have been made to the eligibility provisions for our insured plans. Beginning on January 1, 2007, the following will define our standard eligibility for dependent coverage.

Changes to Standard Eligibility Provisions for Dependents

Eligibility for dependents, including adoptive children and newborns, has been extended to age 26, or for two calendar years after the dependent is no longer claimed on the subscriber's or spouse's federal tax return, whichever occurs first. The two-year extension of eligibility period begins on January 1st of the calendar year in which the dependent is no longer being claimed on the subscriber's or spouse's federal tax return.

Additional Dependents to Be Covered

In addition to the new guidelines, we also cover the following dependents:

- Legal spouse.
- Children who are recognized under a Qualified Medical Child Support Order as having the right to enroll for coverage under the plan.
- Unmarried full-time students who otherwise do not qualify but meet all of the following criteria:
 - Up to age 25,
 - Enrolled as a full-time student at an accredited educational institution, and
 - Who live with the subscriber or the spouse on a regular basis.
- Disabled dependent children. A dependent child who is mentally or physically incapable of earning his or her own living and who is enrolled under the subscriber's membership, will continue to be covered after he or she would otherwise lose dependent eligibility, so long as the child continues to be mentally or physically incapable of earning his or her own living.
- A newborn infant of an enrolled dependent from the moment of birth and continuing until the enrolled dependent is no longer eligible as a dependent.

A former spouse may also be included under the subscriber's family membership only until the subscriber is no longer required by the divorce or legal separation judgment to provide health insurance for the former spouse, or the subscriber or former spouse remarries, whichever comes first.

Frequently Asked Questions

Q: When can I enroll my dependents that are now eligible for coverage under the new mandate?

Dependents who now qualify under the new law may enroll as of January 1st, 2007. This eligibility change is being treated like a qualifying event, in which most accounts will have the standard 60-day time frame to enroll dependents. Dependents that are not enrolled during this time frame will need to wait until their employer's open enrollment period in 2007. For specifics about your account's retroactivity provisions, please contact your Account Executive.

Q: Will all dependents be covered up to the age of 26?

No. Under the law, family memberships must provide dependent eligibility coverage up to age 26, or two years after the dependent is no longer claimed on the subscriber's or spouse's federal tax returns, whichever comes first.

Q: When does a dependent's two-year extension of eligibility period begin?

The extension of eligibility period will begin on January 1st of the year in which the dependent is no longer claimed on the subscriber's or spouse's tax return. For example, if a 21-year old child is claimed as a dependent on the subscriber's tax return for tax year 2006, and is not claimed for the 2007 tax year, the two-year extension of eligibility period begins on January 1, 2007 (the first year the dependent is not claimed on the subscriber's federal tax return) and ends on December 31, 2008.

Q: Does this law change Blue Cross Blue Shield of Massachusetts' policy on student dependent eligibility?

No. Eligibility for students remains the same. Thus, a student dependent who has not been claimed within the past two calendar years as a dependent on the subscriber's or spouse's federal tax return will lose coverage at age 25, when he or she marries, or on November 1st following the date the student discontinues full-time classes or graduates, whichever comes first.

Q: Will Blue Cross Blue Shield of Massachusetts require verification from the subscriber upon initial enrollment of students or dependents?

No. The subscriber's employer is responsible for making eligibility determinations and may require verification from the subscriber upon initial enrollment of students or dependents.

Q: Will Blue Cross Blue Shield of Massachusetts continue the current student/dependent certification process?

We will not continue our current student/dependent certification process. To help ensure compliance, we will instead conduct an annual notification and auditing process, which will include an annual notification to subscribers with dependents age 18 and over, outlining eligibility requirements and directing them to work with their employers regarding the continuation of eligibility for their dependents, or cancellation of dependents who are no longer eligible. (Direct billed subscribers will work directly with us for renewal or cancellation of their dependents.)

In 2007, we will send the notification in the first quarter. From 2008 onwards, the notification will be sent annually in September. In addition, we may audit an account's or subscriber's eligibility and request documentation from the subscriber at that time.

Q: Are members who work for a Massachusetts fully insured employer, but live outside of Massachusetts eligible for the new dependent coverage?

Yes. The dependent eligibility provision applies to all Massachusetts fully insured employers and their employees, regardless of where the employees live. However, other Subscriber Certificate provisions, such as HMO Blue® service area requirements, may limit the benefits a dependent can receive when he or she receives services outside of the service area.

Q: Will Blue Cross Blue Shield of Massachusetts require documentation to prove Internal Revenue Code dependency?

We expect employers to validate eligibility of all dependents prior to enrollment. However, Blue Cross Blue Shield of Massachusetts may audit accounts and request eligibility documentation. Blue Cross Blue Shield of Massachusetts may also institute a verification process in the future.

Q: If dependents receive medical care in early January 2007, but the enrollment is not submitted and processed until late January 2007, will the claims be paid?

For this qualifying event, enrollment received within the (standard) 60-day time frame will be effective January 1st, 2007. Once the dependent is enrolled, all claims covered under the provisions of the Subscriber Certificate will be processed accordingly. For claims questions, members should call the Member Service number on their ID cards.

Q: Will BlueLinksSM users be able to enroll dependents as of January 1, 2007?

BlueLinks users will be able to enroll dependents as of January 1, 2007. Users can contact the Help Desk if they have any questions or issues.

Additional Information

Please note the following criteria:

- All other provisions remain as described in the Subscriber Certificate.
- Student age coverage may vary for accounts with 51 or more eligible employees, with Blue Cross Blue Shield of Massachusetts' prior approval.
- Dependent age coverage may exceed age 26, for accounts with 51 or more eligible employees, with Blue Cross Blue Shield of Massachusetts' approval.
- Other eligibility plan provisions, such as HMO Blue service area requirements, may limit benefits for dependents.

If you have any questions about these changes to dependent eligibility, please contact your Account Executive.

Health Care Reform Updates on Employer Premium Contribution Provisions

Under the Massachusetts Health Care Reform law (effective July 1, 2007) health carriers will only be permitted to 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. These provisions DO NOT apply to:

- Self-Insured businesses
- Employees that live outside of Massachusetts
- Benefits negotiated through collective bargaining agreements

Under this law, Massachusetts' employers with insured group health benefit plans must offer coverage to all Massachusetts full-time employees and may not make a smaller health insurance premium contribution percentage amount to any one employee than the employer makes to any other employee who receives an equal or greater total hourly or annual salary. The current interpretation of the law indicates that employers may establish greater contribution levels for employees who participate in company-sponsored health and wellness programs. Additionally, preliminary guidance from the Division of Insurance indicates that employers may establish greater contribution levels for increasing lengths of service as long as such a program is part of a formal employee benefit plan in place as of the effective date of the new law (July 1, 2007) and is designed as a reward for longevity.

According to preliminary guidance from the Division of Insurance regarding the new law:

- A health carrier can only enter into an insured health benefit contract with an employer that does not discriminate against lower paid employees in establishing premium contribution percentage amounts when contracting for the purchase of an insured group health benefit contract for its employees.
- Establishing different percentage contributions for different plan choices, whether fully insured or self-funded, satisfies the statutory requirements as long as the contributions made with respect to each plan on behalf of employees do not differ based on the salary level of the employees.
- Establishing a fixed dollar amount as a contribution to premium for all employees regardless of salary satisfies the statutory requirements.
- Establishing greater contribution levels for increasing lengths of service satisfies the statutory requirements as long as it is part of a formal employee benefit plan in place as of the effective date of this act and is designed as a reward for longevity rather than as a pretext for providing better health insurance contributions to more highly paid employees. Consistent with the forgoing, an employer may establish a reasonable probationary period of no more than five months before a newly hired full-time employee is eligible for benefits.
- Establishing greater contribution levels for persons who participate in company-sponsored health and wellness programs satisfies the statutory requirements.

The Massachusetts Division of Insurance is reviewing the law to clarify details for employers. The text of the new law can be found at www.mass.gov/legis/laws/seslaw06/sl060058.htm in Sections 50, 52, 55, and 59.

As more issues are clarified and questions are answered, we will relay those answers to you.

GENERAL UPDATES

[[Blues Fund National Campaign to Reduce Medical Harm

Blue Cross Blue Shield of Massachusetts is proud to announce it is joining other Blue Cross Blue Shield plans across the country in underwriting the majority of the Institute for Healthcare Improvement's (IHI) 5 Million Lives Campaign, which will help ensure safer and more effective health care for all Americans.

The IHI's first Campaign, 100,000 Lives Campaign, was launched in December of 2004, and was created to increase hospital safety through a series of simple, standardized procedures in patients' hospital care. The program saved more than 100,000 lives by the end of an 18-month period.

Over the next 24 months, the 5 Million Lives Campaign will focus on several initiatives, including:

- reducing harm from hospital-contracted infections
- ensuring the safe use of high-alert medications (sedatives, narcotics, insulin)
- preventing surgical care complications

Every acute-care hospital in Massachusetts participated in and contributed to the success of the 100,000 Lives Campaign. We will encourage and support all Massachusetts hospitals' participation in IHI's 5 Million Lives Campaign, which sets the bar even higher for improved health care delivery.

Our support of this Campaign is yet another example of how we are working collaboratively to transform the health care system so that it provides safe, effective care for all our members and residents of Massachusetts.

[[Update to Notice of Creditable Coverage Requirement

Under Medicare Part D regulations, accounts offering prescription drug coverage to Part D-eligible employees and retirees must disclose to individuals whether their health plan has creditable or non-creditable prescription coverage by November 15.

Last year we notified accounts whether their Blue Cross Blue Shield of Massachusetts benefit design was deemed creditable or non-creditable. We will not be providing these notices this year, because any plan deemed creditable in 2006 will remain creditable for 2007 if accounts have not changed the prescription benefits of their plans.

If you have changed your benefits and are unsure if the creditable standard will be met, please contact your Account Executive. Updated, sample, creditable and non-creditable letters can be found on the Centers for Medicare and Medicaid Services (CMS) website www.cms.hhs.gov/creditablecoverage.

In addition to the creditable coverage disclosure letter for Part D-eligible employees and retirees, all accounts offering group health plans must complete the electronic disclosure form on the CMS Creditable Coverage web page www.cms.hhs.gov/creditablecoverage. You do not have to file the disclosure for your group plans that have filed for the Retiree Drug Subsidy, as these plans have met the actuarial equivalence standard.

Retiree Drug Subsidy Information

If you are going to continue to file for the Retiree Drug Subsidy on your Blue Cross Blue Shield of Massachusetts Medicare Supplement plans that have Express Scripts® as the prescription vendor, please



remember to provide your Account Executive with the proper information from your filing, so that the prescription claims can be uploaded directly to CMS on your behalf. We will require:

- the application number
- the corresponding Blue Cross Blue Shield of Massachusetts group number
- the CMS Unique Benefit Option Identifier (UBOI)
- the payment frequency
- the start and end dates of the application

For applications with a start date of January 2007 and after, we will be using an electronic form to update our files for inclusion on the ESI claims filing to CMS. Please contact your Account Executive for a copy of this form.

If you have any questions about creditable coverage notices or the Retiree Drug Subsidy filings, please contact your Account Executive.

[[Update on Harvard Vanguard Medical Associates and Dedham Medical Associates

The Harvard Vanguard Medical Associates and Dedham Medical Associates recently signed an agreement with another health plan to accept patients from only that plan's Medicare Advantage program as of January 1, 2007. Please note:

- Our current Medex[®] and Managed Blue for Seniors[™] programs are not Medicare Advantage plans, so these plans' members will continue to be accepted at these providers after January 1, 2007.
- These providers did not participate in Medicare Advantage plans, Medicare HMO Blue[®], and Medicare PPO Blue[™], so members of these plans will have no disruption to their primary care physician relationships.

To learn more about this update or our networks, please contact your Account Executive.

[[Excellence in Primary Care Award Winners Noted Online

At Blue Cross Blue Shield of Massachusetts, we are committed to promoting quality within our provider networks. For example, our Primary Care Physician Incentive Program (PCPIP) aims to increase the number of our members who receive important preventive and disease management services from in-network providers.

Our Excellence in Primary Care Awards recognize the "best of the best" within the PCPIP program. For 2005, 392 adult and pediatric physicians were honored for improved scores, placing them in the top 10 percent of all physicians who participate in the quality program.

To view the list of award recipients, go to www.bluecrossma.com, and click on **Find a Doctor** and then **Looking for Provider Quality Data**. If you have any questions about the PCPIP program, please contact your Account Executive.

PRODUCT/NETWORK UPDATES

]] Minimum Deductibles for HSA Plans to Increase

Under recently released guidelines from the U.S. Treasury Department, the minimum deductible for health savings account (HSA)-qualified plans will increase to \$1,100 for individuals and \$2,200 for family plans.

Employers who offer plans paired with an HSA are required to meet these new minimums for all renewals occurring in 2007. Any new plan offerings in 2007 must also meet these guidelines.

Blue Cross Blue Shield of Massachusetts offers two HSA-qualified plans, which both include preventive care with a copayment:

- Access Blue Saver™: an HMO with tiered copayments for outpatient care
- Blue Care Elect Saver™: a PPO with a nationwide provider network and no-referral access to care

If you have any questions about these products or the minimum deductibles for 2007, please contact your Account Executive.

]] Behavioral Health Care Conversion

After a review of our behavioral health strategy for managed care plans, we are planning to assume the administration of behavioral health care services from our current manager, Magellan Health Services, for our members in HMO Blue® New England, Network Blue New England, and Blue Choice® New England plans. This transition is planned to take effect on January 1, 2008.

As you may know, in January 2006 Blue Cross Blue Shield of Massachusetts assumed the administration of behavioral health care services for our local managed care plans. Our decision to assume administration of these services for our local plans—and now also our New England plans—is the result of a review of our overall behavioral health strategy.

The interaction of co-occurring medical and behavioral illness is well known to affect the quality of life of members and increase their utilization of care. We believe that integrating behavioral health services with medical services can help us optimize the quality of care that our members access and help us promote more effective and efficient collaboration between behavioral and medical providers.

In 2007, we will provide you with more information about our plan to assume administration of behavioral health care services. It is our goal to ensure a seamless transition for our members. Until January 1, 2008, your employees may continue to access behavioral health care through, and to request authorizations from, Magellan Health Services.

Please be assured that your employees' coverage and benefits will not change as a result of this transition. If you have any questions, please contact your Account Executive.



][Group Senior Products: 2007 Rates and Benefits Approved

The 2007 rates and benefits for our Medicare HMO Blue, Medicare PPO Blue, and Blue MedicareRxSM plans have received final approval from CMS.

][Medicare HMO Blue and Medicare PPO Blue: Updates for 2007

Medicare HMO Blue and Medicare PPO Blue are Medicare Advantage plans with Part D prescription plan benefits. These plans are available to accounts that offer benefits to their retirees and that have a majority of retirees residing within the plans' service area (all counties in Massachusetts with the exceptions of Berkshire, Nantucket, and Dukes counties).

These plans offer many prescription copayment options, and are high-quality, low-cost alternatives to traditional Medicare supplement programs.

For 2007 we have:

- expanded the formulary for these plans to include generic benzodiazepines and barbiturates
- expanded our physician network to include many Lahey Clinic physicians and specialists, and providers in the Beth Israel Deaconess Physician Organization
- combined our different county rates across Massachusetts for one statewide rate based on benefit design

Medicare HMO Blue and Medicare PPO Blue may be offered in addition to Medicare A and B supplement programs, such as Medex and Managed Blue for Seniors. There are currently five prescription copayment options available for our group Medicare Advantage plans.

For information on 2007 rates and benefits, please contact your Account Executive.

][Blue MedicareRx: Update for 2007

Recently Named One of the Top Five Part D Products In the Country

Blue MedicareRx is a stand-alone Part D plan that can be paired with a traditional Medicare A and B supplemental program, such as Medex or Managed Blue for Seniors. By replacing the current prescription plan of the Medex or Managed Blue for Seniors program with Blue MedicareRx, accounts may be able to reduce monthly premiums and prescription copayments.

For 2007 we have expanded the formulary to include generic benzodiazepines and barbiturates for seven of the eight benefit design options available to group accounts. Additionally, by choosing Blue MedicareRx, accounts will no longer have the administrative burden of filing for the Retiree Subsidy with CMS.

For 2007 rates and benefits, please contact your Account Executive.

PHARMACY MANAGEMENT

[[Update to Specialty Pharmacy Network

Network to Include Anemia, Neutropenia, Psoriasis, and Rheumatoid Arthritis Medications in 2007

As a reminder from the last edition of Important Administrative Information, as of October 1, 2006, Blue Cross Blue Shield of Massachusetts created a new pharmacy network that is providing medication for members receiving treatment for multiple sclerosis (MS), hepatitis C, and fertility. We established this retail specialty pharmacy network to provide cost-effective medications and a mix of value-added services to enhance members' care. Members are required to obtain their medications from one of the pharmacy providers in our retail specialty pharmacy network in order to obtain pharmacy benefit coverage.

Now we are planning to expand our use of this network— as of March 1, 2007—to include medications used in the treatment of anemia, neutropenia, psoriasis, and rheumatoid arthritis. The participating specialty pharmacies providing these medications are:

- Caremark, Inc.
1-800-237-2767
www.caremark.com
- CuraScript, a subsidiary of Express Scripts, Inc.
1-888-823-9070
www.curascript.com
- SpecialtyScripts
1-800-218-5688
www.specialtyscripts.com

How This Affects Members

Physicians and affected members will be notified of this network change. As an accommodation, members will be allowed one courtesy refill of their medication at their current pharmacies. This one-time accommodation is only available through June 1, 2007 (with two exceptions; see the following section). After this courtesy refill, they will need to fill their prescriptions through one of the specialty pharmacies listed above. Because our specialty pharmacy network providers are retail pharmacies, the members' retail cost-sharing amount will apply.

If members are currently receiving their anemia, neutropenia, psoriasis, and rheumatoid arthritis medications through one of these specialty pharmacies, they need not take any action at this time. If they are currently receiving their medications through our Mail Service Prescription Program via Express Scripts, Inc., they will need to transfer their prescriptions to one of the participating specialty pharmacies listed above.

Again, members will pay their retail cost-sharing amount for each month's supply of medication. Since the specialty pharmacies listed above are covered through the retail pharmacy benefit, the mail service benefit will not apply for these medications after March 1, 2007 (with the exceptions stated below). Once this network change goes into effect, members who choose to receive their anemia, neutropenia, psoriasis, and rheumatoid arthritis medications through any pharmacy not in the specialty pharmacy network will be responsible for the full out-of-pocket costs.

This pharmacy network change will not affect medications provided and administered in a physicians office, an outpatient clinic, or by a home-infusion provider.

Exceptions to the Network Change

There are two exceptions to this network change:

1. The implementation date for the network change will be January 1, 2008, for members who:
 - are receiving medications for anemia, neutropenia, psoriasis, and rheumatoid arthritis, AND
 - have a co-insurance benefit for retail pharmacy combined with a copayment benefit for mail service (e.g., 20%/50% retail co-insurance, combined with a \$10/\$25/\$40 mail-service copayment).
2. The network change does not apply to Medex, Blue MedicareRx, Blue Health Plan for Kids, or Medicare Advantage plans that include prescription drug coverage. Members with these health plans do not need to obtain their anemia, neutropenia, psoriasis, and rheumatoid arthritis medications through our specialty pharmacy network.

If you have any questions about this network change, please contact your Account Executive.

[[Updates to the Blue Cross Blue Shield of Massachusetts Formulary

Standard Formulary Changes Take Effect March 1, 2007

As part of our continuing effort to provide affordable health care and prescription medication benefits to our members, we have made some carefully considered changes to our covered medication list. Please be aware that for medications being moved to non-covered status, additional medication options in the same therapeutic class are available. Members can refer to our website at www.bluecrossma.com and click on **Pharmacy Program** to obtain the most up-to-date drug coverage information.

Our Pharmacy and Therapeutics (P&T) Committee, comprising various external physicians and pharmacists, reviews the safety, effectiveness, and overall value of new medications approved by the Food and Drug Administration (FDA). While a new drug is being reviewed, it will not be covered by your plan. As with other non-covered drugs, your physician may request coverage for any new FDA-approved drug under committee review, if it is medically necessary. This does not apply to our senior plans—Medex plans, Medicare Advantage plans, and Blue MedicareRx; because they must meet certain federal regulations, we cover newly approved medications as required and in accordance with government guidelines.

Medications Moving from Covered to Non-covered

Effective March 1, 2007, the following medications will move to non-covered status.

Category	Medication Name
Asthma treatment	Ventolin [®] HFA
Inflammatory bowel treatment	Dipentum [®]
Fertility treatment	Follistim [®] /Follistim [®] AQ

Medications Moving from Tier 2 to Tier 3

Effective March 1, 2007, the following medications will move from Tier 2 to Tier 3.

Category	Medication Name
High cholesterol treatment	¹ Lipitor®
Anti-viral treatment	Valtrex®
Central nervous system	Geodon®
	Strattera™
	Metadate® CD
Women's health	Estratest®/Estratest® H.S.
	Estrostep Fe®
Fertility treatment	² Ovidrel®
	² Novare® I
	² Pregnyl®
Cough suppression	Tussionex®

Medications Moving from Non-covered to Covered

Effective March 1, 2007, the following medications will be covered.

Category	Medication Name
Asthma treatment	ProAir™ HFA (Tier 2)
Inflammatory bowel treatment	Colazal® (Tier 2)
Stomach acid suppressants	³ Prevacid® (Tier 3)
Dermatological treatment	Differin® (Tier 3)
	Gonal-f®/Gonal-f® RFF (Tier 2)

¹ Current Step Therapy rules will still apply (Medical Policy 013 “Antihyperlipidemics”).

² Available through the Specialty Pharmacy Program; see www.bluecrossma.com for details.

³ Current Step Therapy rules will still apply (Medical Policy 030 “Proton Pump Inhibitors”).

]] BlueValue RxSM

At Blue Cross Blue Shield of Massachusetts, providing your employees with access to safe, effective, and affordable medications is one of our top priorities. To address the specific needs of our employer groups with over 51 employees, we've collaborated with our pharmacy benefit manager, Express Scripts, Inc., to develop a unique, comprehensive, and affordable pharmacy program option—BlueValue Rx.

About BlueValue Rx

BlueValue Rx is a generic-drug-focused pharmacy formulary option combined with a three-tier benefit design. By providing access to affordable prescription medications, BlueValue Rx can mitigate long-term pharmacy trend without shifting costs to members. We believe both employers and employees will benefit from this cost-effective formulary option.

The BlueValue Rx formulary includes most generic drugs and select, clinically necessary, brand-name drugs. The formulary excludes most multi-source, brand-name drugs (i.e., a brand-name drug with a generic equivalent available) and non-preferred drugs (i.e., drugs with lower-cost alternatives available in the same therapeutic class).

BlueValue Rx Formulary

The BlueValue Rx formulary can be paired with any commercial product with a three-tier pharmacy copayment structure. The recommended copayment structure is \$10/\$25/\$45 retail and \$20/\$50/\$135 mail service. For each tier, this formulary's covered drugs include:

- Tier 1: All generic medications. Medications in this tier make up the majority of covered medications on the BlueValue Rx formulary.
- Tier 2: Single-source, brand-name medications without generic alternatives.
- Tier 3: Multi-source brands with generic alternatives and more expensive, single-source brands without generic alternatives. The multi-source brands will remain on the formulary until generic versions are widely available to our members, at which time they will move to non-covered status.

Immediate and Long-term Savings

BlueValue Rx provides year-over-year pharmacy savings by encouraging the use of clinically effective, lower-cost, brand-name and generic drugs, and supporting generic utilization by employer groups. For every one percent improvement in generic utilization, we estimate that an employer group will save approximately 1.5 percent in pharmacy spending.

If you would like to learn more about BlueValue Rx, please contact your Account Executive.

]] Harvard Vanguard Pharmacies to Join Our Network

Express Scripts, our pharmacy benefit manager, has added Harvard Vanguard Medical Associates to its pharmacy network. Therefore, effective January 1, 2007, all Blue Cross Blue Shield of Massachusetts members with a physician at one of the 14 Harvard Vanguard Medical Associates' offices that has an on-site pharmacy and who have Blue Cross Blue Shield of Massachusetts pharmacy coverage can fill prescriptions at the Harvard Vanguard Medical Associates pharmacies.

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

PROACTIVE HEALTH MANAGEMENT

]] New Bariatric Surgery Privileging Program

Medical research has shown that bariatric (weight loss) surgery when performed under safe circumstances, can be an appropriate treatment for certain individuals diagnosed as clinically obese. To support our members who need this procedure we expect to implement our Bariatric Surgery Privileging Program in the second quarter of 2007.

For accounts that offer this benefit, this privileging program will only affect members in our HMO Blue, Blue Choice Plan 1 and 2, Network Blue plans, Blue Care® Elect, and indemnity plans. The program is designed to help our members work with their providers to identify better options for obtaining high quality and safe bariatric surgery treatment.

The new Blue Cross Blue Shield of Massachusetts Bariatric Surgery Privileging Program will require that medical facilities in Massachusetts satisfy the following standards as a condition for payment for bariatric surgery services:

- Meet the quality and safety standards established by a panel of experts convened by the Massachusetts Department of Public Health and the Betsy Lehman Center for Patient Safety and Medical Errors, including:
- certain staffing levels
- criteria for hospital infrastructures and outcomes
- criteria for professional provider expertise and training

Facilities that do not meet the standards will not be eligible for reimbursement for bariatric surgery on our members. We will provide additional information about the program in the next issue of IAI.

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

]] Tobacco Premium Contribution Options

In light of the fact that tobacco use contributes to rising health care costs—smokers average \$3,400 per year in excess medical claims, according to the Centers for Disease Control and Prevention—we want to help our accounts support the health of their employees.

In response to accounts' interest, Blue Cross Blue Shield of Massachusetts has developed a resource for accounts considering a tobacco premium contribution differential at their worksite. By offering this differential, an employer is choosing to congratulate and pass along savings to employees who do not use tobacco products (or to those actively trying to quit), while increasing the premium contribution amount for those who do use tobacco products to encourage them to quit. In most cases, a premium contribution differential can be cost-neutral for the employer (accounts will be paying the same premium amount to Blue Cross Blue Shield of Massachusetts).

During fourth quarter 2006, we will have several resources available to accounts considering a tobacco contribution differential, including sample communication pieces, tracking methods for program completion, and options for distributing materials directly to employees at their home addresses.*

It is important for employers to decide what is going to work for their company. Considering their corporate culture, current policies, and procedures are important first steps in determining whether a premium contribution differential is a viable option for their company.

Please see the attached Fact Sheet for more information on how Blue Cross Blue Shield of Massachusetts can be a resource.

If you are interested in our tobacco premium contribution options, please contact your Account Executive.

*Accounts are responsible for all financial aspects of this initiative.

[[FitBlue Update

FitBlueSM is a comprehensive, two-pronged weight management program that supports overweight to severely obese members in their efforts to adopt healthier lifestyles. We are pleased to report the most recent significant results for one FitBlue component—Go Walking, a 60-day physical activity and weight management program offered to overweight members.

Positive Results Reported

The initial launch of Go Walking delivered these results:

- Members participating in Go Walking reported statistically significant increases in fitness level, energy, and strength with a much higher frequency of choosing healthy foods and participating in regular exercise routines.
- Eighty percent of surveyed members reported that they had lost weight or maintained their weight.

Program Enhanced

Building on this success, in early November we made these enhancements:

- We expanded the Go Walking program to mildly obese members.
- As part of Go Walking we added the Nourish[®] program, a multi-week, online nutrition program focused on the tenets of healthy eating.
- For members who complete the entire Go Walking program and have continued needs, we began offering a 10-month maintenance program focusing on prolonged exercise, ongoing weight management, and long term lifestyle changes.
- We're now inviting identified members to participate each week throughout the year, and they can join whenever they're ready.

In 2007 members will be able to invite themselves into the program by online registration, so they can get fit when they see fit.

About Go Walking and Blue Health CoachSM

Go Walking provides invited members from our eligible HMO, POS, and PPO plans with a free pedometer, interactive goal-setting and progress-measurement tools, personal support, weekly fitness and weight loss email tips, monthly motivational phone messages, and valuable incentives.

For members who are moderately obese or severely obese, we offer additional support through Blue Health Coach, a telephonic coaching program. Each program participant communicates with either a highly-skilled registered nurse, a registered dietician, or an exercise physiologist, who provides motivational assistance and helps participants overcome barriers to change.

With the Go Walking program enhancements and the addition of our Bariatric Surgery Privileging Network, your employees will have the help they need on their road to sustained health.

The FitBlue program is presently available to eligible and invited members only. However, if you would like to implement a worksite wellness walking program on an employee-wide basis, or if you have any questions, please contact your Account Executive or Worksite Wellness representative.

[[Dental Outreach Targets Members with Coronary Artery Disease (CAD)

At Blue Cross Blue Shield of Massachusetts, we understand the connection between oral health and overall health—especially for individuals with coronary artery disease (CAD). We are rolling out a dental outreach program that targets our dental members who are participating in Blue Care[®]Connection for a Healthy Heart, our disease management program for people with CAD.

Outreach 1: Informational Letter

Through this outreach program, all medical members enrolled in Blue Care[®]Connection for a Healthy Heart will receive a letter that explains:

- how periodontal disease can impact their overall health by being a significant risk factor in the severity of CAD
- the importance of diet, exercise, and oral health and its importance to CAD

Outreach 2: Dental Checkup Reminder Letter and Follow-up Telephone Calls

Members will receive an additional letter if our records indicate they may be overdue for a regular dental checkup with their Dental Blue dentist. This letter will reiterate the connection between oral health and CAD, and notify members they will receive a phone call from a Blue Cross Blue Shield of Massachusetts representative to answer any questions they have and assist them in finding or making an appointment with a dentist.

If you have any questions about this outreach program, please contact your Account Executive.

TECHNOLOGICAL INNOVATION

][Enhanced Member Website

Look for the new **bluecrossma.com** coming soon. Our new website will offer your employees a more personalized experience with expanded tools and resources, including easier access to online pharmacy information, and more tools and resources for managing costs and improving their quality of care.

][Introducing: Treatment Cost Advisor— Promotes Health Care Consumerism

We are pleased to offer the Treatment Cost Advisor—a new tool on **bluecrossma.com** that helps members research the costs of common medical services and become better health care consumers. By providing cost-and-quality resources, we are working to create transparency in health care, with the ultimate goals of improving quality and managing costs.

We offer the Treatment Cost Advisor in partnership with Subimo, a reputable vendor of health care decision-support tools. Using the tool, members will find cost estimates:

- for both in-network and out-of-network care
- grouped by condition and category of care
- customized for age group, sex, and ZIP code

Members can also research the average Blue Cross Blue Shield of Massachusetts costs of services in the Commonwealth.

To access the Treatment Cost Advisor and our many other cost-and-quality resources, go to **bluecrossma.com**, register for **Member Self Service**, and log in.



[Notes]



MASSACHUSETTS