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## IAI | IMPORTANT ADMINISTRATIVE INFORMATION

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October 2011



Blue Cross Blue Shield of Massachusetts is an Independent Licensee of the Blue Cross and Blue Shield Association

## IAI | LETTER

Dear Valued Customer:

This issue of the Important Administrative Information (IAI) newsletter includes information on:

- Coverage for the 2011–2012 flu season
- Changes to our appeals process and claim notices
- A new opportunity for small groups—voluntary dental coverage

Visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai) to learn more about any of the topics in this edition.

As always, if you have any questions, please contact your account executive.

Sincerely,



Timothy J. O'Brien  
Senior Vice President  
Sales Division

[ IAI October 2011 ]

## PRODUCT PORTFOLIO AND BENEFIT DESIGN UPDATES

[ Effective January 1, 2012 ]

We're introducing new plan options and making changes to our standard plan designs. Please review the enclosed brochure and charts for a detailed overview of these changes.

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

## The 2011-2012 Flu Season

### Committed to Member Health

Blue Cross Blue Shield of Massachusetts remains committed to helping limit the spread of the flu virus. Once again, we're making it easy for members and their families to get vaccinated by offering a range of workplace and retail-based vaccine opportunities. Coverage depends on the plan type and the nature of the care received.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

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## Update: Changes to the Appeals Process and Claim Notices

An amended interim final regulation and new guidance on appeals were issued on June 22, 2011.

The federal health care reform law includes requirements that affect our member appeals and claims process for fully insured and self-insured health plans. Some of the required changes became effective for plans on their anniversary dates, starting on September 23, 2010. However, due to extensions and grace periods granted by the federal government, some changes will become effective on July 1, 2011, and others on January 1, 2012.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

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## Premium Credit

Massachusetts Attorney General Martha Coakley's office issued a report on July 6, 2011, concluding a review of the compensation paid to former Blue Cross Blue Shield of Massachusetts CEO, Cleve Killingsworth. After discussions with the Attorney General, the Board made a decision to distribute the amount of the severance (\$4.26 million) paid to Mr. Killingsworth to our members and the community as a good faith gesture. This one-time credit, which amounts to approximately \$3.00 per subscriber, will appear on November invoices.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

## Pharmacy Changes

### Effective January 1, 2012

To continue providing our members and their health care providers with access to a variety of safe, clinically effective medications at affordable prices, we will be making changes to our pharmacy program, effective January 1, 2012.

These changes will apply to commercial plans with pharmacy benefits and Medex<sup>®</sup> plans with the optional three-tier pharmacy benefit.

Health care providers have already been advised of these changes. Our affected members will be notified directly no later than December 1, 2011.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

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## Harvard Study Finds Success in Alternative Quality Contract

A recent study by researchers at Harvard Medical School finds that Blue Cross Blue Shield of Massachusetts' new global payment model, the Alternative Quality Contract, is meeting its goals of slowing the growth in health care costs while improving patient care quality.

This comprehensive study is the first independent review of our Alternative Quality Contract. The study published in the New England Journal of Medicine analyzed 2006–2009 claims data for members whose primary care providers were in the Alternative Quality Contract, compared with members whose primary care providers were not in the program.

Overall, Alternative Quality Contract groups reduced medical spending growth by about two percent in the first year. Groups that did not previously have global budget contracts with Blue Cross Blue Shield of Massachusetts achieved even greater reductions in medical spending—six percent.

→ To find more about the study, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

### HMO Product Clarification: Member Claim Payments with Medicare as Primary Payer

Member cost sharing, as described in subscriber certificates and benefit descriptions, applies for covered services when the member is enrolled in certain managed care plans with Blue Cross Blue Shield of Massachusetts and Medicare. Medicare is the primary coverage for these members, and we receive a claim for balances after Medicare has been paid.

This applies to all members who have Medicare as their primary payer and are enrolled in a fully insured or self-funded managed care product (for example, HMO Blue®, Network Blue®, and Blue Choice®) that is not a Medicare supplement or Medicare replacement plan, such as Medicare Advantage.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

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### Disaster Readiness

In the event of a disaster, Blue Cross Blue Shield of Massachusetts plans to play a key role as a health plan provider and a community leader. We have invested significant efforts in preparation for responding to a large-scale disaster, such as a hurricane, act of terrorism, or pandemic.

Key business partners, such as providers and brokers, will look to our company for help in handling increases in care visits and inquiries. State and local leaders will look to our company as a trusted resource for the public in the response to and recovery from any significant event.

Blue Cross Blue Shield of Massachusetts has policies in place to support our accounts, members, business partners, community leaders, and representatives.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

## New: Small Group Voluntary Dental

Blue Cross Blue Shield of Massachusetts has an exciting new offer for accounts with five or more subscribers: voluntary Dental Blue®.

Beginning January 1, 2012, Blue Cross Blue Shield of Massachusetts will offer our small group dental product portfolio to accounts on a voluntary basis. To take advantage of this offering, a client needs five or more employees to enroll and must offer one of our many health plan options.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).

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## Reimbursement for Out-of-Network PPO Providers

Effective January 1, 2012 (upon renewal), claim payments will change under our commercial PPO plans for covered services provided by most non-participating covered providers (professional, ancillary, and institutional providers). This change applies to our Blue Care Elect<sup>SM</sup> and Preferred Blue PPO<sup>SM</sup> plans.

Reimbursement for out-of-network providers will be based on a usual and customary fee schedule. The usual and customary fee schedule will be based on the standard allowance that Blue Cross Blue Shield of Massachusetts has established for its indemnity products. For instances in which the provider's actual charges are greater than the usual and customary charge, the member will be responsible for the applicable cost sharing amount, plus the difference, if any. This change does not apply to non-participating emergency rooms, hospital-based emergency medicine physicians, or hospital-based anesthesiologists, pathologists, or radiologists. For these non-participating providers, the provider's actual charge is used to calculate a member's benefits.

If you have questions about any of these changes, please contact your account executive.

→ To learn more, please visit [www.bluecrossma.com/employer/iai](http://www.bluecrossma.com/employer/iai).