

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

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[Sold Case Calendar](#) [Archives](#) [Feedback](#)

SITES

[BROKERCENTRAL](#)[BlueLinks...
for Employers](#)

Welcome

Dear Business Partner:

As we enter into fall, we have an exciting and challenging slate of initiatives ahead of us. In this issue of *BlueLinks eNews*, you'll find out more about the recently enacted Health Care Reform legislation and its impact on employer groups. We've also included a brief overview of new pharmacy benefit services and an update on dental coverage. Finally, you'll learn more about Medicare secondary payer information, and we'd also like to remind you about our upcoming broker training sessions in October.

As always, if you have any ideas or concerns, please do not hesitate to share them with your Account Executive.

Sincerely,

Carlos Cubia
Vice President
Sales Division

In this September 2006 issue of BlueLinks eNews:

- [Health Care Reform Bill](#)
- [Blue Value Rx and Specialty Pharmacy Update](#)
- [Dental Implant Coverage Update](#)
- [Medicare Secondary Payer for Employers](#)
- [Broker Training Sessions in October](#)

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

Impact of Health Care Reform Bill on Massachusetts Employers

As you know, on April 12, 2006, Governor Mitt Romney signed into law a health care reform bill that will have a significant impact on Massachusetts' health insurance. The law requires all Massachusetts residents to have health insurance, effective July 1, 2007. The reform is expected to expand coverage to 90 to 95 percent of the state's 550,000 uninsured in the next three years.

To make this happen, the law expands Medicaid eligibility, offers a subsidy program to help low-income people purchase insurance, and puts forth reforms for the non-group and small-group markets. The reform also increases much-needed Medicaid reimbursement levels for providers, and includes an additional key provision requiring employers with 11 or more full-time employees to offer health coverage, or be subject to an annual fee of \$295 per employee.

In order to link small businesses and individuals with health insurance products, the bill provides for the creation of a central mechanism called the "Connector". Individuals and businesses with 50 or fewer employees are eligible to purchase insurance through the Connector. Blue Cross Blue Shield of Massachusetts will be

developing new plans to be offered through the Connector, in accordance with the guidelines. We will continue to keep you informed about new plan options, as the law is implemented.

Important Dates

- **April 1, 2007**: The Connector begins offering health benefit plans:
 - For individuals (provided they have not been offered subsidized health insurance by an employer with over 50 employees)
 - For small groups with 1-50 employees
- **July 1, 2007**: All Massachusetts residents are required to have health insurance.
- **July 1, 2007**: The state merges non-group and small-group health insurance markets.

Please see the enclosed guide, [Health Care Reform](#), for more information.

Please also note that both the state House and Senate have passed technical correction bills to the health care reform legislation. These bills are likely to impact many of the dates set out in the original law in order to correct inconsistencies that currently exist. The dates noted above are likely to change and we will update you as soon as the bills are reconciled and a final technical corrections bill signed by the governor.

One of the aspects of the new law is coverage for dependents up to age 25 or for 2 years following the loss of dependent status, according to the IRS guidelines, whichever comes first. We expect the technical correction bills will clarify a number of issues related to implementation of this provision. While we are awaiting the resolution of these issues, we have decided to suspend annual student recertification process in 2006 for fully insured accounts and will not require recertification at this time. Once the technical corrections bill is passed, we will advise you and your clients of a revised dependent certification process to implement the new law. We are continuing to carry out the annual student recertification process in 2006 for our self-funded employer groups.

If you have any questions about the health care reform law, please contact your Account Executive.

[Back to Top](#)

Blue Value Rx and Specialty Pharmacy Update

Blue Value Rx

At Blue Cross Blue Shield of Massachusetts, providing our members 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 partnered 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 maintaining access to affordable prescription medications using this approach, BlueValue Rx can mitigate long-term pharmacy trend without cost shifting to members. We believe both employer groups and members will benefit from this cost effective formulary option.

The BlueValue Rx formulary includes most generic drugs and selected clinically necessary brand name drugs. Most multi-source brand-name drugs (a brand-name drug with a generic equivalent available) and non-preferred drugs (drugs with lower-cost alternatives available in the same therapeutic class) are excluded from the BlueValue Rx formulary.

The BlueValue Rx Formulary

The BlueValue Rx formulary can be paired with any commercial product offering with a three tier pharmacy copayment structure. The recommended copayment structure is \$10/\$25/\$45 retail and \$20/\$50/\$135 mail service. Below is a description of drugs that are covered in each tier.

- 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 until the generic version is widely available for our members, and then they would be moved to non-covered.

Immediate and Long Term Savings

By encouraging use of clinically effective, lower-cost brand-name and generic drugs, and maximizing an employer group's generic utilization, BlueValue Rx will provide year over year pharmacy savings. For every 1% improvement in generic utilization, an employer group will save 1.5% of drug spending.

For more information on BlueValue Rx, please speak with your Account Executive.

New Specialty Retail Pharmacy Network

In our continued commitment to provide your clients with high quality affordable health care, Blue Cross Blue Shield of Massachusetts is pleased to announce that we have created a specialty retail pharmacy network. As of October 1, 2006, members currently receiving select medications for hepatitis C, multiple sclerosis, and fertility will need to fill their prescriptions at one of the network retail pharmacies in order to receive coverage under their pharmacy benefit. The medications will be covered under the members' retail benefit (mail order service will no longer be available for these select medications). Additional specialty pharmacy programs will be implemented in 2007.

Providers in Our Specialty Pharmacy Network

We created a specialty retail pharmacy network to help manage the cost of certain medications. In addition, the specialty pharmacies in this network provide an array of valuable services to help our members understand their medications and take them effectively and safely. The participating specialty pharmacies for hepatitis C and multiple sclerosis medications are:

- Caremark, Inc.
- CuraScript, a subsidiary of Express Scripts, Inc.
- Specialty Scripts

The participating specialty pharmacies for fertility medications are:

- Freedom FP
- ivpcare, Inc.
- Village Pharmacy

Our providers, and your clients and their affected members have been notified of this network change. The network change does not apply to Medex, Blue MedicareRx, Blue Health Plan for Kids, or Medicare Advantage plans that include prescription drug coverage. In addition, the implementation date will be January 1, 2008 for benefit plans that have a co-insurance retail benefit combined with a copayment mail service benefit (e.g. 20%/50% retail co-insurance and \$10/\$25/\$45 mail service copayment).

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

[Back to Top](#)

Dental Benefits Update

Beginning on July 1, 2007, Blue Cross Blue Shield of Massachusetts will cover the entire placement of dental implant fixtures, including surgery and crowns. Currently, our standard coverage, without riders, accounts for only the crown portion—not the surgical portion—of an implant when offered in conjunction with Group 3 major services.

Also beginning on July 1, 2007, we will expand coverage for composite resin restorations (white fillings) for

one-surface fillings on back teeth regardless of the tooth surface being treated. Composite resin coverage was previously limited to front teeth, or as an alternative benefit to silver fillings on back teeth.

[Back to Top](#)

Medicare Secondary Payer Rules for Employers

In the next few weeks, Blue Cross Blue Shield of Massachusetts will initiate our first annual Employer Size Survey. To be compliant with Centers for Medicare & Medicaid Services (CMS) guidelines and to pay claims correctly for Medicare eligible members, it is critical for us and for our accounts to accurately report employee counts.

Medicare Secondary Payer (MSP) Rules and Definitions

Since your clients are responsible for complying with these MSP rules, we recommend that they speak with their own legal counsel or CMS to understand their obligations. However, we summarize some of the rules below:

MSP Rule Application Guidelines

The following rules help determine which payer is primarily responsible for claims payment (group health plan vs. Medicare) for Medicare-eligible employees who are also covered by a group health plan.

Working Aged (TEFRA) Rule. A group health plan offered by an employer with 20 or more employees is the primary claims payer for an actively employed, group plan participant who is also Medicare-eligible due to age.

Disability Rule. A group health plan offered by an employer with 100 or more employees is the primary claims payer for an actively employed, group plan participant who is also Medicare eligible due to disability. (Note: If an employer has 100 or more employees and is the primary payer for Medicare disabled employees, then it is also the primary payer for Medicare working aged employees.)

End Stage Renal Disease (ESRD) Rule. A group health plan offered by employers of all sizes is the primary claims payer for plan participants who are Medicare-eligible due to end stage renal disease (ESRD). (Note: An exception to this rule is a group health plan that only covers a self-employed company owner.)

Employee Definitions and Rules for Determining Who to Count

- An employee is defined as any individual who receives payments from the employer that are subject to Social Security taxes.
- A self-employed company owner is NOT counted as an employee.
- A retiree is ONLY counted as an employee if he or she is receiving payments subject to Social Security taxes, (e.g., working as a consultant).
- All employees meeting the definitions above should be counted regardless of their status as full-time or part-time employees, leased employees, consultants, or seasonal employees.

This is a just a summary of the rules, and does not provide exclusions and definitions. To learn more about the specifics of this rule, please contact your Account Executive.

[Back to Top](#)

Reminder: October Broker Training

Please join us at a training/information session for the latest news about our industry and products. Feel free to extend this invitation to others in your office who may benefit from this training.

To participate, please select one of the following five sessions, and **RSVP by Friday, September 25** to

events@bcbsma.com. To request more information, a session agenda, and directions, please contact your Account Executive.

Boston Sessions

Wednesday, October 11, 9:00 a.m. to 11:30 a.m.* or 1:30 p.m. to 4:00 p.m.**

Springfield Session

Wednesday, October 4, 9:00 a.m. to 11:30 a.m.*

Worcester Session

Wednesday, October 4, 1:30 p.m. to 4:00 p.m.**

*Registration 8:30-9:00 a.m. Training session begins at 9:00

**Registration 1:00-1:30 p.m. Training session begins at 1:30 p.m.

[Back to Top](#)

If the above link is not functioning in your email, copy and paste the URL listed below into a browser window:

Health Care Reform Guide:

http://www.bluecrossma-takecontrol.com/BlueLinks_eNews/BLinks_Sept06/Mass_Law_Brochure.pdf

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