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## Welcome

Dear Business Partner:

We're always searching for ways to help your clients reduce their costs while promoting their employees' good health. As you'll read in this edition of *eNews*, our new Blue Options product supports this goal, by relying on an innovative, tiered provider network.

Did you receive the special-edition *eNews* on health care reform? If you missed it, we give you another chance to get caught up on this important issue in Massachusetts. You'll also find some federal news regarding changes to health savings accounts.

Finally, we update you on our pharmacy benefits, and reveal a new health management program to support employees who suffer from seizures.

If you have any questions or comments, please don't hesitate to share them with your Account Executive.

Sincerely,

Carlos Cubia  
Vice President  
Sales Division

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### Introducing Blue Options/Blue Precision

We're pleased to announce the launch of Blue Options/Blue Precision tiered provider network products throughout 2007. Our tiered products include HMO Blue® Options and HMO Blue® and HMO Blue® New England Options, PPO Blue Options and Blue Precision. These products can deliver lower costs for your clients, and help engage employees in the management of their health care expenses by offering two tiers of providers.

#### About Our Strategy

At the heart of these plans are provider tiers, which are driven by these key concepts:

- Statistical rigor. Our process for tiering providers leverages the claims from more than one million members that we analyze for measurable differences among provider performance. The tiers then help members make informed health care decisions.
- Collaboration with providers. Our tiering methodology, which uses both cost and quality data, where available, to encourage providers to improve their performance is also closely aligned with our Pay-For-Performance programs.
- Transparency for members. By giving members access to cost and quality data, our plan helps members make informed choices about their providers.

#### Our Approach to Tiering Providers in Massachusetts

In developing our plans, we chose to tier acute care hospitals and primary care physicians (PCPs). Together, these provider types represent 50 percent of our total claims, and significantly impact the care our members receive.

Members of our Blue Options/Blue Precision plans pay different levels of copayments for care depending on which PCPs and hospitals they select for care in Massachusetts.

- Tier 1 carries a lower copayment and includes Massachusetts providers whose cost and quality scores met or exceeded the benchmarks and certain providers who have been included to provide geographic access for members.
- Tier 2 carries a higher copayment and includes Massachusetts providers whose cost and/or quality scores did not meet the benchmarks.

Note: All acute care hospitals and all pediatricians passed the quality benchmark. PCPs without sufficient quality data, and certain specialty hospitals, were measured on cost alone for their overall tier rating.

Though we do collect and report cost and quality data for individual physicians, for most providers the scores were aggregated, or averaged, by the entire physician group with which a provider is associated. Alternatively, we calculated scores based on the geography and referral patterns with which a provider is associated.

Specialists were not tiered and carry a specialist copayment equal to Tier 2 providers.

#### **National Tiered-Network Option**

Employers seeking a national PPO tiered-network solution can choose the Blue Precision option. The plan features a single, unified, two-tier, in-network, benefit design built upon locally collected and analyzed data on providers in 26 states and the District of Columbia.

In states where no tiered network exists, members have access to the full nationwide PPO network for tier-1 care, allowing for a one-plan solution to coverage.

#### **Availability**

Our PPO Blue Options plan is available March 1, 2007 and the national Blue Precision plan is available May 1, 2007 for larger self insured employers.

Our HMO Blue Options and HMO New England Blue Options plans will be available on April 1, 2007, for fully insured or self-insured employers with 51 or more employees, and on July 1, 2007, for fully-insured employers with 50 or fewer employees.

To learn more about our Blue Options/Blue Precision tiered network products, please contact your Account Executive.

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#### **Health Care Reform Update**

We recently began publishing a special edition of *BlueLinks eNews* on Health Care Reform. Every second and fourth Friday, you'll receive news and information that can help you better serve your clients as they prepare for the new health care mandate in Massachusetts.

If you didn't receive this email, you can read it [here](#).

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#### **U.S. Government Updates HSA Rules**

The federal government has updated the rules for health savings accounts (HSAs), effective January 1, 2007. These changes should reinforce the strong momentum of HSAs in the marketplace.

The improvements include:

- Increased HSA annual contribution limit
- Simplified HSA contribution rules for mid-year enrollees
- Consolidation of health reimbursement arrangement (HRA) and flexible spending arrangement (FSA) into an HSA
- FSA 'grace period' no longer automatically disqualifies HSA eligibility
- Tax-free transfers to an HSA from an IRA
- Higher employer contribution limits for lower-paid employees

- HSA cost-of-living limits to be released earlier in the year

We have sent a notification about these changes to all our clients who offer their employees an HSA administered by Wells Fargo. Employers with specific questions should consult with their internal counsel for clarification.

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### Standard Deductible for HSA Plans to Increase

As of July 1, 2007, the standard deductible level for our health savings account (HSA)-compliant Access Blue Saver and Blue Care Elect Saver plans with an \$1100/2200 deductible will increase to \$1,500 from its current \$1,100 level.

Access Blue Saver is an open-access HMO plan with no referrals that offers your clients an attractive price point, while providing a consumer-directed plan that engages employees in their care and its costs. Blue Care Elect Saver is a PPO plan that features no referrals for care and out-of-network coverage.

#### Why We Are Making This Change

This shift will make it easier for your clients to comply with federal HSA regulations in future years. Annually, the federal Department of Treasury sets minimum deductible standards for plans to qualify as compliant with HSA regulations. This has meant that employers have had to increase the deductible levels on their plans to meet those minimum standards.

By shifting the standard deductible to \$1,500, employers who select our HSA-compliant plans will be able to maintain a consistent deductible level for several years, making it easier for their employees to understand and plan for health care expenses.

Additionally, we expect the deductible change to decrease premiums for your clients.

#### What It Means

For current Access Blue Saver and Blue Care Elect Saver plans and plans sold before July 1, 2007, the increase will take effect at the next anniversary date. There will be no change to your clients' plans during the plan year.

New plans sold after July 1, 2007, will carry the new standard deductible level.

In both cases, employers with more than 50 employees have some additional flexibility in choosing deductible levels for their Access Blue Saver and Blue Care Elect Saver plans.

If you have questions about our HSA-compliant plans, please contact your Account Executive.

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### Pharmacy Accommodation for New Accounts and Hires

As of January 1, 2007, we are making a pharmacy accommodation for new accounts and for new hires at existing accounts that are transitioning to our pharmacy benefits, as follows:

During the first 90 days of eligibility, we will allow a one-time courtesy refill for non-covered drugs and a bypass of step therapy measures.

This accommodation applies to our group, non-group, and self-insured health plans, but excludes Medicare Advantage and Blue MedicareRx plans, which have a separate transition plan mandated by the Centers for Medicare & Medicaid Services.

In the past, new accounts and new hires have experienced disruption with the non-covered drug list and step therapy programs. We expect this accommodation will alleviate disruption and better support the transition to our pharmacy benefits.

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### Blue Care@Connection Now Supports Seizure Disorder

We recently expanded the Blue Care@Connection program for *Select Conditions* to support eligible members with a seizure disorder. We estimate that approximately 4,000 members will participate in this health management program, which is managed by Accordant Health Services, Inc.

The goals of the program are to:

- reduce seizure-related trauma
- reduce frequency of seizures
- improve medication adherence
- promote safe pregnancies
- promote patient-coping skills

The support and information members receive through this program are not intended to replace the care of a physician, and members should continue to follow their physicians' treatment plans.

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

Special Edition of BlueLinks eNews on Health Care Reform:  
[http://www.bluecrossma-takecontrol.com/BlueLinks\\_eNews/HCR\\_022307/index.html](http://www.bluecrossma-takecontrol.com/BlueLinks_eNews/HCR_022307/index.html)

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