



Dear Business Partner:

Happy 2004!

We enjoyed continued success in the market in 2003, thanks in large part to your efforts to help us secure and maintain a leadership position. Throughout 2004, our focus will remain fixed on the challenges that this new year will bring.

As your clients and their employees continue to struggle with rising health care costs, we will be diligent in our ongoing efforts to create a proactive model of health care cost management. Providing world-class, affordable care has always been our top priority, and success this year will not be possible without promoting the physical and financial advantages of staying healthy. That's why we continue to develop the programs, tools, and resources that members need to make informed, healthy lifestyle choices.

As we begin this year, we are very pleased to share with you the news that we have added depth to our already strong executive leadership team with the appointment of Cleve L. Killingsworth, Jr. as our president and chief operating officer (COO) and John A. Fallon, M.D., as our chief physician executive (CPE). Bill Van Faasen, our chairman and chief executive officer, is looking forward to Cleve's and John's leadership in guiding Blue Cross Blue Shield of Massachusetts in our ongoing role as a world-class leader in health care for our members and our community.

We are very pleased to have health professionals of this caliber join our team.

We wish you a very happy and prosperous New Year.

Sincerely,

Tim O'Brien
Vice President, Sales Division

Cleve Killingsworth, Jr. Appointed New Chief Operating Officer

We are very pleased to share with you the news that we have appointed Cleve L. Killingsworth, Jr. as our president and chief operating officer. Cleve's extensive experience in health care management is a valuable asset for us. Mr. Killingsworth comes to BCBSMA from Health Alliance Plan in Detroit, one of Michigan's largest managed care organizations.

[View the press release on Cleve Killingsworth, Jr.](#) (PDF, 15kb)

John A. Fallon, M.D. Appointed New Chief Physician Executive

We are excited to announce that John A. Fallon, M.D., has been appointed as our chief physician executive, effective February 3, 2004. John joins us from his current position as CEO for Clinical Affairs at the State University of New York Downstate Medical Center.

[View the press release on John Fallon, M.D.](#) (PDF, 14kb)

We are pleased to have health professionals of this caliber join our team.

Health Care Savings Accounts

To ensure we are offering the most flexible range of options for our members and business partners, we are reviewing the opportunity presented by offering health care savings accounts (HSAs) as provided for under the recently enacted Medicare Reform Law.

HSAs are portable, personal trust accounts for medical expenses that provide certain advantages versus health reimbursement accounts and flexible spending accounts. Like IRAs, HSAs allow investors to build tax-sheltered "nest eggs" (up to certain annual limits) to cover out-of-pocket medical costs. These tax-exempt trust accounts are established by individual members and/or by employers on behalf of their employees to pay for qualified medical expenses in conjunction with a high-deductible medical plan. The law imposes two requirements for opening an HSA:

- It must be done in conjunction with high-deductible health coverage.
- A taxpayer must be under 65—the age of Medicare eligibility, when opening an account.

Individuals **cannot** participate in a HSA if they are:

- Claimed as tax dependents of another individual.
- Covered under a spouse's or dependent's employer's health plan.
- Covered under a comprehensive major medical insurance policy.
- Covered under a health flexible spending (FSA) account or health reimbursement account (HRA), unless coverage under such HRA or FSA is limited to specific benefits not provided by the high-deductible health plan.

These accounts can be used for a wide range of expenses, including:

- Doctor and dentist visits
- Hospital visits
- Artificial limbs
- Medications
- Eyeglasses and contact lenses
- Chiropractic care
- Laboratory tests
- Nursing home costs
- Physical therapy
- Psychoanalysis
- X-rays
- Nursing home insurance premiums

We look forward to sharing more information based on our assessment. We also welcome your and your clients' comments and suggestions while we are in this evaluation process. Please email us at Bluesline@bcbsma.com.

About the Flu Vaccine...

[Learn more about the flu vaccine](#) and the simple steps you can take to protect yourself and your loved ones.

[1st Quarter 2004 Sold Case Calendar](#) (PDF, 20kb)

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