Striking a Balance:

Working with Small Businesses for Affordable, Quality Care
Our Pledge to You.

Providing health benefits to employees may be one of the biggest challenges Rhode Island small businesses face today. At Blue Cross & Blue Shield of Rhode Island (BCBSRI), we understand this and are taking the steps necessary to drive down costs while still delivering the quality coverage you and your employees expect.

By partnering with us, you can feel confident that you are teaming with an organization committed to innovation, productivity, accountability, and transparency. We are changing the way we do business, so that we can better serve your business. And we’re holding ourselves to a high standard. In 2011, we plan to cut costs by $65 million, savings that will help us improve the quality and affordability of care for all our members.

We’ve learned a lot by listening to you and hearing about what kind of benefits, features, and programs you and your employees are looking for in a health plan. In response, we’re introducing a new menu of plans that incorporate many of the changes you’ve asked for. Beginning on April 1, 2011, small groups will be able to choose from traditional plans like HealthMate Coast-to-Coast to more progressive plans, like our new, incentive-based VantageBlue plans. We’re also offering two prescription drug plan options, and we’re giving you the choice between calculating benefits on either a plan-year or calendar-year basis.

We look forward to working closely with you in the coming months as we introduce our new plans, and we pledge to keep you informed during the process. We will also help you do the same with your employees, so that they can make confident decisions regarding their health and the health of their families. Together, we can improve the health of Rhode Islanders for generations to come.
Partnering with Hospitals to Reduce Costs

Reimbursements to hospitals, currently the number one driver of healthcare costs, continue to outpace inflation and account for almost one-third of member claims. So earlier this year, we publicly committed to limiting future hospital reimbursements to no more than the Consumer Price Index. We also recently entered into a contract with a local hospital group to pay a flat fee per member to cover a given condition, rather than pay for each procedure or each day in the hospital.

Re-aligning Physician Reimbursements

Similarly, in an effort to moderate physician reimbursement costs, while ensuring that reimbursement levels are fair and competitive, we recently aligned our fee schedules with those established by the Centers for Medicare & Medicaid Services. We are also moving away from fee-for-service reimbursements, which pay for quantity of care, in favor of compensation based on quality of care and improved health outcomes.

Controlling Prescription Drug Costs

Prescription drug costs are the number three driver of healthcare costs today. In response, our formularies are designed to encourage the use of high-quality, but lower-cost, generic drugs or in some cases over-the-counter alternatives.

Increasing Our Efficiency

We have begun several continuous improvement projects that are aimed at increasing our operational efficiency. Currently, we are focusing on how we can improve claims submissions, printing, postage, provider claim adjustments, call center agent productivity, dental claim forms, Medicare enrollment, and other areas. The end result is a company better suited to meet your needs and transform healthcare.

Improving Coordination of Care

We have continued to work with Rhode Island providers to create patient-centered medical homes (PCMHs). Through increased care coordination, PCMHs improve members’ healthcare experiences and provide easy access to care. PCMHs also reduce the repetition of medical tests and other healthcare services, which helps drive down claims. So far, we’ve established PCMHs that involve 73 physicians and provide coordinated care for 4,000 members with the highest healthcare needs. It is our vision that these PCMHs will begin to change healthcare delivery and, in the end, reduce unnecessary medical costs while improving quality of care for members.

Through these and other efforts, we are working to improve quality of care, improve our organization, and change provider compensation.
Finding a health plan that fits the needs of both employer and employee can be a challenge. That’s why we’re providing small businesses with plenty of options. Our new portfolio offers a range of plans that will help you find just the right balance between affordability and quality. The snapshots below provide a high-level overview of our new portfolio.

**VantageBlue** Our newest line of plans that empower members to be more involved in their healthcare by offering special incentives for healthy living, low copayments for certain drugs used to treat chronic conditions, and special programs that help people quit smoking, lose weight, and more.

**BlueCHIP** Affordable coverage featuring special Wellness Requirements that will encourage a real commitment from employees to take care of themselves. Complies with the Rhode Island Office of the Health Insurance Commissioner’s (OHIC) requirements for a HEALTHpact plan.

**BlueSolutions** A good choice for an employer who wants to control premium costs while maintaining quality coverage for employees. Features higher deductibles and the ability to set up an interest-bearing Health Savings Account (HSA), which allows employees to save money for medical expenses.

**HealthMate** A traditional deductible plan that will help employers control premiums while still providing employees full coverage for many services once the deductible is met.

Everyone knows that the key to good health is staying on top of it. That could mean simply scheduling your annual physical, making a lifestyle change like quitting smoking or losing weight, or keeping your prescriptions filled on time. While all of our plans encourage members to be proactive, our new VantageBlue plans take this idea to a new level. Take a look at the special incentives and value-based benefits listed below to see what we mean.

**VantageBlue offers:**
- $2 copayments for certain drugs used to treat diabetes, asthma, and chronic obstructive pulmonary disease
- A $50 incentive for completing a wellness pledge and online personal health assessment
- Full coverage for over-the-counter preventive medications when you have a prescription
- Full coverage for programs that help you give up smoking, lose weight, and learn to better manage conditions like asthma and diabetes
Prescription Drug Coverage
We offer two prescription drug options with tiered copayments. Generic drugs and lower cost brand name drugs are in the lower tiers, and higher cost brand name drugs and specialty drugs are in the higher tiers.

Prescription Drug Plan Options:

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Both plans offer comprehensive prescription drug coverage that focuses on quality and value.

Our New Formulary
Prescription drug claims are one of the main reasons health insurance costs have skyrocketed in recent years. In fact, drug claims account for 20 percent of all healthcare costs today. One of the ways we’re confronting this issue is by introducing a new formulary that will help reduce drug claim costs while making quality care more accessible. Our new Premier Formulary focuses on covering lower-cost generic and brand name drugs that are alternatives to many of the higher-cost brand name drugs on the market.

Education is the key to our effort. That’s why we’re putting more information in our members’ hands, to help them feel confident and comfortable with our actions moving forward. We want members to understand that generic drugs are just as safe and effective as their brand name equivalents, and they offer significantly more value. And we’re keeping you informed. Making quality healthcare more accessible and affordable for your business is our top priority.

Plan Year vs. Calendar Year Calculations
In the past, our health plans have calculated deductibles and out-of-pocket maximums on a calendar-year basis only. We’re changing this policy in response to requests from our customers. Starting on April 1, 2011, you may choose to have benefits calculated on either a plan-year or calendar-year basis upon renewal.

Healthcare Reform
Healthcare reform affects small businesses in many ways. For example, did you know that you may be eligible for a significant tax credit? As your partner, we’ll work hard to keep you informed of these new rules and help you understand how they impact your business. We also work closely with our customers to make sure all health plans remain in compliance with the new law. Recent reforms we have addressed include:

- Small Group Tax Credit
- Elimination of Lifetime and Annual Limits
- Dependent Coverage to Age 26
- Preventive Care Coverage

We’ve also provided detailed summaries of the major reform provisions on BCBSRI.com, and we’ll also soon launch a website with more important information on reform and other BCBSRI initiatives.
Helping Your Employees Stay Healthy

New Online Resources

We are excited to introduce two new features on our website. Now BCBSRI.com is an easy, one-stop site where your employees can find information about their health plan and their health.

The Health Center

We partnered with Healthwise®, a leader in plain-language, consumer-facing health education, to offer members access to over 7,000 health articles, tools for self-management, and interactive quizzes and calculators. The new Health Center will help employees:

- Stay healthy and on the job
- Change health behaviors and reduce the risk of illness
- Avoid unnecessary medical visits, medicines, tests, and surgeries

My Blue Community™

This online social site allows members to connect with more than 25,000 Blue Cross members nationwide. My Blue Community helps your employees:

- Get involved in their health by giving them a space in which to discuss health concerns
- Engage a variety of experts and get advice to make healthy choices

A healthier workforce can reduce claims expenses, lower operating costs, and increase productivity for your business.

One employer said, “My Blue Community allows my employees to talk to others about a medical concern they may have. This can put their mind at ease, and allow them to concentrate on their job.”

My Blue Community is a website that enables discussions among individual users. This website is intended solely as a forum for general information and users' opinions; it does not contain any advice that is intended for medical diagnosis or treatment, and does not substitute for professional medical advice and services. Always seek the advice of your physician or other qualified healthcare provider on any medical condition and before following any information that may appear on My Blue Community.
With Good Health Benefit, we can bring innovative worksite wellness and lifestyle management programs to your employees. These wellness resources will help your employees get the most out of their healthcare plan while decreasing absenteeism and increasing productivity.

Contact your BCBSRI account representative or broker to learn more about Good Health Benefit today.