

Small Group News

Changes for Small Group Coverage Coming July 2010

The availability of reliable, affordable health care coverage for small businesses continues to be a major concern for everyone, including Highmark. We believe that small group insurance reform is the only way to ensure that small businesses will have access to affordable health care coverage for their employees on a long-term basis. With the uncertainty of small group health insurance reform in Pennsylvania and the effect of any federal health care reform on small business, Highmark has decided we must change the way we offer health insurance to small groups.

Beginning with groups that renew in July 2010, we will discontinue the following products, and the prescription drug coverage that typically accompanies the medical products, for groups with 50 or fewer employees:

- PPOBlue Preferred-Provider Organization program, including our PPOBlue qualified High Deductible Health Plan
- ClassicBlue Comprehensive and ClassicBlue Traditional programs
- Major Medical coverage for Signature 65 members
- EPOBlue Exclusive Provider Organization
- Fashion Advantage, Fashion Advantage Gold and Clear Advantage Vision programs

Replacement coverage for employers who offer these products will be available through our fully owned subsidiary, Highmark Health Insurance Company. As a licensee of the Blue Cross and Blue Shield Association, Highmark Health Insurance Company will provide the same reliable service and capabilities you, your clients and their employees have come to expect from Highmark Blue Cross Blue Shield.

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We'll provide more detailed information to you in the upcoming months. In the meantime, here are a few important points to help you address questions from your clients about this change:

- Highmark Health Insurance Company (HHIC) will offer a wide range of PPOBlue benefit designs, including qualified high-deductible health plans, cost-sharing plans that work well with an employer-sponsored Health Reimbursement Account (HRA) and more traditional “first-dollar” plans, as well as a basic EPOBlue product.
- These products will use the same network as the Highmark Blue Cross Blue Shield PPOBlue and EPOBlue products.
- Traditional and comprehensive plans will not be available through HHIC, but the large Highmark network and wide range of benefit design options should make it easy for clients who offer these plans to make the transition to a PPOBlue plan from HHIC.
- Major Medical coverage will no longer be available for Signature 65 members. We anticipate this will have a minimal effect on employees or retirees because our records show that the utilization of this product by Signature 65 members is extremely low. Signature 65, without the supplemental Major Medical coverage, will continue to be available from Highmark Blue Cross Blue Shield.
- KeystoneBlue HMO is *not* affected by this change. It will continue to be available to groups of all sizes from Keystone Health Plan West. With the introduction of HHIC, however, small groups will not be able to offer both KeystoneBlue HMO and an HHIC product.
- HHIC will also offer Fashion Advantage and Fashion Advantage Gold Vision programs, which will be identical to the programs currently offered by Highmark Blue Cross Blue Shield.
- Employer groups affected by this change will receive two communications – an initial required “product withdrawal” letter from Highmark Blue Cross Blue Shield and, at the time of their renewal, a rate notification from HHIC.

Communications with group customers and members about these changes will begin in late December and continue according to the following schedule:

Groups that renew in:

July, August or September 2010
October, November or December 2010
January, February or March 2011
April, May or June 2011

Will receive their notification:

Late December 2009
Late March 2010
Late June 2010
Late September 2010

We are committed to making this change as easy as possible for you, your clients and their employees. For example, each employer group letter will be customized to the specific Highmark products that employer offers. Enclosed are samples of the basic letters that will be sent to:

- Companies that offer PPOBlue coverage
- Companies that offer ClassicBlue Comprehensive and/or Traditional coverage
- Companies that offer PPOBlue **and** Comprehensive and/or Traditional coverage
- Companies that offer EPOBlue coverage
- Companies that offer any of these medical products **and** KeystoneBlue
- Companies that offer Vision coverage only
- Companies that offer Signature 65 coverage only

These letters will be further customized based on whether the company also offers Signature 65, which will continue to be available from Highmark Blue Cross Blue Shield without Major Medical.

Employees with medical coverage will be notified of this change initially in our member newsletter. Employees/retirees who do not receive member newsletters – including Signature 65 members and members who only have vision coverage – will be notified via a letter. We have also set up a toll-free “hotline” to take calls from groups and their employees, and the phone number will be included in all group and member communications.

Look for additional communications about HHIC in the next few months. And thank you for your support as Highmark makes these changes to help us remain a viable health care coverage option for small employers and to reinforce our commitment to serving the small employer market in Pennsylvania.

COBRA Changes for Small Group Coverage Coming July 2010

As you are aware, the American Recovery and Reinvestment Act of 2009 – also known as the “Economic Stimulus Bill” – included a provision to help unemployed workers pay for COBRA coverage. Workers who qualified can receive COBRA premium assistance – or a subsidy – of 65 percent for up to nine months.

When the law was passed, it applied to workers who lost their jobs between September 1, 2008 and December 31, 2009. Since there has been some discussion about extending the availability of the subsidy, we’d like to update you about the status of any possible extension and some additional information you need to know.

- The federal government may be considering extending the original provision of the nine-month subsidy by an additional six months to provide a total of 15 months of subsidy. ***At this point, however, the government has not finalized action on this. That means members who qualified for the subsidy in March will lose their subsidy at the end of December.*** Because of this, we anticipate that these COBRA members may choose to drop their coverage at the end of December if the subsidy is not extended.
- The federal government may also consider extending the subsidy to workers who lose their jobs *after* December 31, 2009. ***Again, however, the government has not made a final determination on this.***
- Because of the current situation – in which workers who lose their coverage after December 31, 2009 do not qualify for the COBRA subsidy – the Labor Department recently issued new guidance for workers who are involuntarily terminated from employment between now and December 31, 2009. Here’s what you need to know:

Typically, employees whose employment ends keep their health care coverage through the end of the month in which the termination occurs, so they are not eligible for COBRA until the first day of the following month. Employees who lose their job in December 2009, then, would not be eligible for COBRA until January 1, 2010. That means they would *not* be eligible for the subsidy if the government does not extend the eligibility date.

Because of the possibility that the federal government may decide on extensions to the subsidy (beyond nine months) or to the eligibility date (beyond December 31, 2009), it is likely that COBRA coverage may need to be started or reinstated on a retroactive basis. We expect to hear more about these issues in the next few weeks and will share any developments with you as soon as they are available.

[Producer Portal News](#)

IMC Mini-Med School Videos

Now Available on the Producer Portal - the Fall 2009 IMC Mini-Med School, Alphabet Soup videos covering ADA, FMLA, and HIPAA. Go to the Resources tab, under MultiMedia to view.

If you have any questions concerning this issue of Producer News, please contact your Highmark client manager.

Sincerely,



Reginald E. Brown
Director, Producer Affairs, West

Attachments 1: SAMPLE Western Region Group Letters.pdf