

Highmark Renewal Meeting Highlights

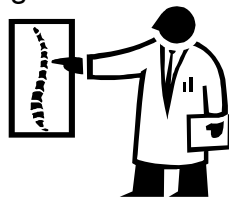
Health Care Trends

Increased utilization, an aging population, as well as new treatments and procedures are causing the cost of health care to rise. On the average Americans are going to the doctor at a rate of one visit per month and average one prescription per month. Inpatient facilities are admitting 1 patient out of every 12. Outpatient facilities average 8 or 9 outpatient services per person per year. All of these factors have contributed to the rising cost of health care.

Current Cost Drivers

Inpatient Procedures

- Experimental and investigational
- Obesity surgery
- Heart Surgery
- Transplants



Outpatient Procedures

- Advanced imaging techniques
- Chemotherapy
- PT/ST/OT Therapies
- Advanced Rehabilitation
- Specialists
- Pre-natal screening & care

Renewals = Reunderwriting

We expect agents to see all of their groups at their renewal time to share renewal information, discuss options, and reunderwrite for participation. We also expect you to ask to see a current UC-2 and compare it to the current number of enrolled employees.

HIPAA

Our contract with Highmark contains a contingency that makes us a Business Associate only for enrollment information. Payment and claims issues must be treated with member approval. Please see Agent News # 10 or the Privacy Program Page on the Highmark Agent Porthole.

BlueAccount Health Reimbursement Account

July 2003 brings a new pilot program, Blue Account, to experience rated groups (50+ contracts). For additional information please refer to Highmark Agent News #8.

One Person Groups

Effective July 1, 2003, any new group enrolling in one of our associations that consist of one life on the effective date, the commission with the writing agency will be split 50/50.



CommunityBlue Will Be Eliminated

All CommunityBlue products will be phased out by the end of 2004. You may continue to sell all CommunityBlue products with the exception of CommunityBlue Direct Value Plan, until that time.

United Concordia Goes Direct

All dental groups will now be sold directly through United Concordia and can no longer be sold with the Highmark paperwork (this means separate licensing and applications, and the check must be made payable to United Concordia). There is also a new, third, product with more flexibility that will replace Penn Dental. All existing dental groups will be transitioned to the new products by January, with no interruption in coverage. Call Sara for details.

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New Small Group Applications

The new small group applications requires the signature of the owner, which will eliminate the need for an AOR when writing a new group. The new application requires the employers signature and tax number. #.

New DirectBlue Value Plan

- Open Access
 - In-Network Deductibles
 - In-Network Coinsurance
 - Out of pocket Maximums
 - Routine & Regular Office Visits or \$20 Copay
- Prescription Drug
 - Separate Deductible
 - 20% Coinsurance (&10 minimum/\$20 maximum)
 - Point of sale 31 day Supply
 - Mail Order Maintenance
- Over 20% savings from High-Option Plan

Rx Options



Now all products have mail order for maintenance drugs and a point of sale max of 31 days.

- Standard Inclusions and Exclusions
- Add Mail order for Maintenance Drug
 - 2 times retail copay
 - 90 Day supply maximum
- Point of sale maximum 31 day supply
- Increased copays—see benefit grids
- PreferredBlue now has Incentive Formulary
- ClassicBlue has only Major Medical Rx coverage

July 1, 2004 referrals from a doctor/specialist will be eliminated.

Changes to New and Existing Highmark Groups

The following are changes to new and existing groups with July renewals effective July 1, 2003. These changes are being made to enhance product consistency with all small group plans. Please note, you should order a supply of new benefit grids. Your clients will be advised by letter of these changes.

- Physical therapy (MT/PT/ST/OT) visits coded separately, copay changes and # of visits limited to 20 combined visits.
- Rx changes: Point of Sale max. 31 days; mail order for maintenance drugs added (2 x retail for 90 day supply); increased copays; PreferredBlue now incentive formulary; ClassicBlue major med Rx only.
- KeystoneBlue now excludes assisted fertilization (with the exception of some prescriptions depending on medical need), consistent with other small group plans.
- PreferredBlue now limits mental health benefits to 20 combined outpatient visits and 30 combined inpatient days.
- Small group benefits now comply with Act 150, which affects certain limitations on mental health benefits.

Highmark Brand Compliance

All agents using the Highmark logo must comply with brand compliance issues to protect Highmark's trademark regulations. A logo violation may lead to termination. Please contact Bob, Dave or Bridgit if you would like Highmark approved marketing materials.

New to Blue Sales Team

Highmark has a designated team of representatives who are ready to help you sell your 10 to 50 groups. They will be happy to meet with you and your group to discuss products. Please contact Sara (412) 835-9100 to schedule a Highmark Representative for your presentation.