

April 29, 2010

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Advisor Update



- **Premium Changes Impact Individual Products for June 1 and July 1, 2010**
- **Expanding our Criteria for Individual High Deductible Products**
- **Check your mail for a gift from Anthem Blue Cross and Blue Shield**

Premium Changes Impact Individual Products for June 1 and July 1, 2010

As you know, we evaluate premiums for our Personal Health Care products (under-65 Individual business) every year. While we strive to keep costs as low as possible, it is necessary to adjust our rates to cover the escalating cost of health care. Increasing demand for medical services, the use of new prescription drugs, and demand for advanced technologies are driving up the cost of health care at an unprecedented rate. All health plans are in the same situation in trying to deal with the steadily increasing medical costs in the delivery system, which are not sustainable.

As a result, KeyCare HSA premiums will increase June 1, 2010 for new members. Current members will see their increase at their anniversary date.

Standard 1, Standard 2 and Conversion products will also increase as of June 1, 2010 and Virginia Standard will increase as of July 1, 2010, however all members in these pools will increase at the same time.

Members that required a 60 day notice were mailed information in late March. All KeyCare HSA members with a 6/1 anniversary date will receive their rate notification prior to the end of April. Standard 1, Standard 2 and Conversion members will also receive their notification prior to the end of April. In addition, 60 day notices for members in Virginia Standard were mailed last week and all members will receive their rate notification prior to the end of May for a July 1, 2010 effective date.

Product	Percentage of Base Premium Increase
	Effective 6/1/2010
KeyCare HSA	13%
Standard 1	12%
Standard 2	12%
Conversion	12%

Virginia Standard	Effective 7/1/2010 12%
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In addition to the percentage increases noted in the charts above, other factors, such as any applicable **age increase** (depending on the type of plan), moving to an **area** with higher or lower medical costs, changing the number of **family members** enrolled in a policy, or adding or deleting optional coverage may also affect premiums for some customers. The total premium increase for your customers will reflect any of these factors that apply to them. Please note that Standard 1, Standard 2 and Conversion are rated with 10-year age bands.

For information on the coverage options available to current members, please refer to the Product Movement Guidelines found on the *Prospector*.

Important Information about Individual Dental Premiums

We are pleased to announce that premiums for the currently sold Individual Dental plan will not receive an increase at this time. However, dental premiums will increase to reflect movement from age 49 to age 50 by your client or their spouse. This will affect all members who are 50 as of June 1, 2010. An increase based on age recognizes that people tend to use more services as they get older. Your client's new premium, effective June 1, 2010 at age 50, is shown below:

Dental Monthly Premiums	
Each adult under age 50 or first child with no adult	\$33.00
Each adult age 50 or over	\$38.25
Each dependent child *	\$21.25

* No additional charge for more than six children

Your client's June bill, or automatic bank draft (if applicable), will reflect this premium change.

Customers who have already paid their premium for June or any subsequent months, will receive a corrected bill for the difference in their current premium and the new premium.

Click [here](#) for new updated dental application effective June 1, 2010.

Cost Savings Reminders:

When health care premiums increase, some members will ask what they can do to reduce their health insurance costs. Depending on what plan the member is in, cost-saving options may include:

Ø **Changing the deductible:**

- For KeyCare HSA - A member may choose to increase their deductible and/or customer liability in order to lower their premium. As a reminder, if a member chooses to increase the deductible now, and then decides to decrease it later, he or she may be required to answer health questions and go through the underwriting approval process.
- Virginia Standard, Conversion, Standard 1 and Standard 2 - Customers in these products may have the option to reduce their monthly premium by selecting a higher annual deductible. Please note, however, that deductibles for these programs cannot be decreased during the life of the policy. More information can be found in the Product Movement Guidelines located on the *Prospector*.

For Standard 1 customers only, during June or at a "qualifying event" (for example, adding or deleting a dependent on a policy), customers may also have the choice to move to our open enrollment Virginia Standard or Lumenos HSA Standard plans, with the same or greater deductible, and receive credit for time served toward the pre-existing waiting period. It's important to note that benefits are different under these plans, and certain

eligibility criteria must be met.

Ø **Changing to a lower-cost plan for KeyCare HSA:**

- Depending on the product, there may be downgrade options available to move to another underwritten product without going through medical underwriting. Please refer to the Product Movement Guidelines to determine what options are available for each product.
- In addition, depending on medical history and health status, members can choose to apply for other underwritten products. This option requires that a new application be completed

For additional information on the coverage options available to current members, please refer to the Product Movement Guidelines found on the *Prospector* or on the *PHC intranet site*.

It is important to note that our preliminary analysis of the "grandfathering" provision indicates that if a subscriber changes products after March 23, 2010, he or she will likely be subject to additional product requirements that are effective in the future. Please see additional information on the Anthem agent/broker website at www.anthem.com.

If you have questions, please call the Broker Sales and Retention Unit at 1-800-225-3611, follow the prompts and select Option 1. If you are with a Primary Agency, Please Contact your Agency Representative.

Expanding our Criteria for Individual High Deductible Products

As you know, we periodically review our guidelines to determine the need for any changes or clarifications to our policy. As a result of our recent reviews, we will be expanding the criteria to offer level I rates for rated conditions when the applicant chooses a high deductible. Level 1 Rates may be issued for plans with deductibles of \$1500 or greater (as noted in the chart below). The level of the deductible and the condition will determine where Level 1 Rates may apply. Here is a list of some of the common conditions with new high deductible guidelines:

Medical Condition	Specifics	Possible Coverage at the Tier 1 Rating
Acne	Most cases if treated within past 3 months	\$2,500 deductible or higher
ADD	Most cases if treated within past 12 months	\$2,500 deductible or higher
Allergies	Most cases if treated daily within past 6 months	\$2,500 deductible or higher
Asthma	Most cases depending on weight and treatment type	\$2,500 deductible or higher
Breast Implants	Most cases	\$5000 deductible or higher
Hemorrhoids	Most cases	\$5000 deductible or higher
Herpes	All cases	\$1,500 deductible or higher
Kidney Stone	Single episode within 12 months, resolved	\$10,000 deductible or higher
Migraines		\$2,500 deductible or

	Most cases	higher
GERD, Acid Reflux	Treated with prescription medication within 6 months	\$5000 deductible or higher

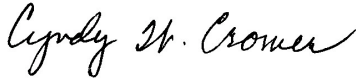
***Please print and keep a copy of these changes with your Agent Guide for reference until we communicate that an updated version of the Agent Guide is available.**

Please Note: All Underwriting changes do not affect Lumenos Standard and VA Standard products or HIPAA Eligible individuals rated at a Level 4.

Check your mail for a gift from Anthem Blue Cross and Blue Shield

During the week of April 21, 2010, all writing agents were mailed a "memory key" that will allow you to access updated Anthem Blue Cross and Blue Shield's information, communications, online tools, marketing and training materials and more. Along with the memory key, the attached letter was mailed (click [here](#) to view the letter and learn more about the memory key). If you have additional questions, please contact the Broker Sales and Retention Unit at 1-800-225-3611, follow the prompts and select option 1.

Sincerely,



Cyndy Cromer
Manager, Field Sales/Broker, Individual Business

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