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**SPECIAL EDITON  
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 PRINT

## Anthem Advisor Update

IN THIS  
ISSUE...

### GOOD NEWS FOR INDIVIDUAL BUSINESS!

#### Lumenos products with Optional Term Life set to launch In Virginia February 18, 2008!

You've heard a lot about them, and now Anthem Blue Cross and Blue Shield is pleased to announce that our new Lumenos products for Individual (under-65) business with optional Term Life are approved and ready to launch in Virginia effective February 18, 2008. Anthem's Lumenos plans are designed to change the way consumers think about health care—helping them lead healthier lives and gain more control over the rising cost of care.

The new plans use our current PPO network and include Health Savings Accounts (HSAs), Health Incentive Accounts (HIAs) and Health Incentive Account Plus (HIA Plus) plans. Optional term life coverage is available with these new medically-underwritten plans through Anthem Life Insurance Company.

We're also offering a Lumenos HSA Standard plan for those who don't health qualify for underwritten products. This is the first PPO HSA open enrollment plan Anthem has offered in the Individual market. Optional term life is not available with this open enrollment product.

#### Individual Lumenos products with optional Term Life launch in Virginia!

- [About Individual Lumenos materials](#)
- [A review of how Individual Lumenos plans work](#)
- [How Individual Lumenos HSA plans work](#)
- 2008 contribution limits set by IRS
- How Lumenos HIA and HIA Plus plans work
- Important Benefit Limits
- Introducing Blue Preferred Life™

### [About Individual Lumenos Materials](#)

Our Prospector CD - 7.3.0 update started mailing on February 15, 2008. The CD update contains Lumenos rates and new materials. The following sales materials will be included on the Prospector CD, as well as available on the broker web site at [anthem.com](#) ([click here](#)), and in the warehouse for ordering:

[AVA1663](#) [Anthem Individual Lumenos Application](#)

[MVABR498A \(6/07\)](#) [Anthem Individual Lumenos Consumer Brochure](#)

[MVABR488A \(7/07\)](#) [Virginia Individual Lumenos Plan Benefits Comparison 2008](#)

[MVASH1008A \(12/07\)](#) [Blue Preferred Term Life™ Plan flyer](#) for Lumenos plans

### **Open Enrollment Materials:**

[AVA1660](#) [Virginia Standard / Lumenos HSA Standard Application](#)

[MVABR0132A \(10/07\)](#) [Lumenos HSA Standard Brochure](#)

[MVASH0133A \(1/08\)](#) [Lumenos HSA Standard Premium Guide](#)

We've attached PDFs for your reference. Simply click on each form number in the lists above to view.

To order supplies from the warehouse, please [click here for an updated Broker Supply List and Order Form for Individual Business](#).

## **A review of how Individual Lumenos plans work**

- Members use their account to help pay for health care expenses.
- Traditional health coverage begins after the member meets the calendar-year deductible.
- Both in-network and out-of-network services apply to one deductible, which means there is no separate deductible for services received out-of-network.
- The policy deductible can be met by either one family member or by covered family members collectively.

There is a separate policy out-of-pocket maximum for in-network and out-of-network services. The policy out-of-pocket maximum can be met by either one family member or by covered family members collectively. Once the out-of-pocket maximum is reached, no additional coinsurance will be required for the remainder of the benefit period.

### **In-Network preventive care is covered at 100%**

- Preventive care is covered at 100%, and the deductible is waived, in network.
- Covered preventive care services follow national guidelines from the U.S. Preventive Services Task Force, the American Cancer Society, the Advisory Committee on Immunization Practices and the American Academy of Pediatrics.
- There are no visit or dollar limits on covered preventive care services.

### **Pharmacy and medical coverage are integrated**

- Customers don't have to wait for reimbursement on their prescription drugs because most pharmacies connect with Anthem in "real time" to determine benefits.
- Prescription drug coverage has a \$5,000 annual maximum per person, in- and out-of-network combined.
- Specialty medications (high cost, bio-tech drugs usually injected or infused) should be purchased through Anthem's specialty pharmacy network and are not subject to the \$5,000 annual maximum in-network. Out-of-network, the member would be subject to higher coinsurance and would have to file their own claims. They will also be responsible for the difference between the pharmacy charge and allowable charge. (The listing of specialty drugs can be found on our anthem.com member site.)

Coverage includes hospital inpatient and outpatient services, doctor visits, diagnostic, x-rays and lab services, mental health and substance abuse services, ambulance services and more. However, like all health care coverage plans, exclusions and limitations apply. Our Individual Lumenos plans have a lifetime maximum of \$7 million, except for Lumenos HSA Standard, which has a \$1 million lifetime maximum.

### How Lumenos HSA plans work

Consumers fund their HSA account with tax-favored dollars and can spend this money on qualified health care expenses. The member owns the account and decides how and when to use the fund. Funds may be used for non-medical or non-qualified expenses; however, the expenditure will lose tax-favored status and may be subject to a tax penalty as well.

#### **To be eligible to establish a health savings account with the health plan, an individual:**

- Must be enrolled in a qualified high deductible health plan (HDHP)
- Cannot be enrolled in Medicare or Tricare (a military benefit plan)
- Cannot be enrolled in any other plan that is not an HDHP, (*except limited plans as defined by IRS*)
- Cannot be claimed as a dependent on someone else's tax return. (Dependent children are not eligible for a health savings account for example, although they may be included in a parent's plan.)

An individual's HSA eligibility can change over time. For example, if the individual opened an HSA at age 63, and later enrolls in Medicare at age 65, that person's eligibility will change. That person may keep the existing HSA and continue to spend the funds on qualified medical expenses, but can make no additional contributions to the HSA.

Lumenos partners with ACS/Mellon Trust of New England® (Mellon) to offer a full-service, integrated HSA plan. Mellon provides the financial management services for the plan. There is just one application for the health plan and the health savings account, which streamlines the enrollment process.

### 2008 Contribution Limits Set by IRS

The Internal Revenue Service (IRS) sets the contribution limit amounts for Health Savings Accounts. The IRS recently announced the contribution limits for 2008, which are \$2,900 for those with self-only coverage and \$5,800 for those with family coverage.

Lumenos Health Savings Account (HSA)

#### **Deductible, Coinsurance & Out-of-Pocket Expense Limits:**

In-Network	Out-of-Network
<b>Single</b>	<b>Single</b>
\$1,500 – 20% - \$4,500	\$1,500 – 40% - \$9,000
\$3,000 – 0% - \$3,000	\$3,000 – 30% - \$6,000
\$5,000 – 0% - \$5,000	\$5,000 – 30% - \$10,000
<b>Family</b>	<b>Family</b>
\$3,000 – 20% - \$9,000	\$3,000 – 40% - \$18,000
\$6,000 – 0% - \$6,000	\$6,000 – 30% - \$12,000
\$10,000 – 0% - \$10,000	\$10,000 – 30% - \$20,000

Lumenos Health Savings Account (HSA) Standard

**Deductible, Coinsurance & Out-of-Pocket Expense Limits:**

In-Network	Out-of-Network
<b>Single</b>	<b>Single</b>
\$1,500 – 20% - \$4,500	\$1,500 – 40% - \$9,000
\$3,000 – 20% - \$5,000	\$3,000 – 40% - \$10,000
\$5,000 – 0% - \$5,000	\$5,000 – 30% - \$10,000
<b>Family</b>	<b>Family</b>
\$3,000 – 20% - \$9,000	\$3,000 – 40% - \$18,000
\$6,000 – 20% - \$10,000	\$6,000 – 40% - \$20,000
\$10,000 – 0% - \$10,000	\$10,000 – 30% - \$20,000

**How Lumenos HIA and HIA Plus plans work**

In these plans, health account funds are used first to pay amounts that apply to the deductible and coinsurance. If the account is exhausted before the deductible is met, the member pays the remaining "bridge" out-of-pocket until the deductible is met. Once the deductible is met, traditional health coverage begins. Unlike a health savings account, the member forfeits HIA and HIA Plus funds upon leaving the plan. HIA accounts are funded entirely by Anthem through the member's participation in reward programs such as the MyHealth Assessment, Health Coaching Programs and Healthy Lifestyle's HealthyWeight and Tobacco-Free programs.

The HIA Plus plan differs from the HIA in that Anthem contributes \$50 per quarter (\$200 per year) for single members to the health account, which is used to pay plan-defined services. For families, the health fund allocation is \$100 per quarter (or \$400 per year). (Please note that the consumer receives credit in their account, and not actual cash in hand.)

Lumenos Health Incentive Account (HIA)

**Deductible, Coinsurance & Out-of-Pocket Expense Limits:**

In-Network	Out-of-Network
<b>Single</b>	<b>Single</b>
\$500 – 20% - \$3,000	\$500 – 40% - \$6,000
\$1,500 – 20% - \$4,500	\$1,500 – 40% - \$9,000
\$3,000 – 0% - \$3,000	\$3,000 – 30% - \$6,000
\$5,000 – 0% - \$5,000	\$5,000 – 30% - \$10,000
<b>Family</b>	<b>Family</b>
\$1,000 – 20% - \$6,000	\$1,000 – 40% - \$12,000
\$3,000 – 20% - \$9,000	\$3,000 – 40% - \$18,000
\$6,000 – 0% - \$6,000	\$6,000 – 30% - \$12,000
\$10,000 – 0% - \$10,000	\$10,000 – 30% - \$20,000

Lumenos Health Incentive Account Plus (HIA Plus)

**Deductible, Coinsurance & Out-of-Pocket Expense Limits:**

In-Network	Out-of-Network
<b>Single</b>	<b>Single</b>
\$1,500 – 20% - \$4,500	\$1,500 – 40% - \$9,000
\$3,000 – 0% - \$3,000	\$3,000 – 30% - \$6,000
\$5,000 – 0% - \$5,000	\$5,000 – 30% - \$10,000
\$10,000 – 0% - \$10,000	\$10,000 – 30% - \$20,000
<b>Family</b>	<b>Family</b>
\$3,000 – 20% - \$9,000	\$3,000 – 40% - \$18,000
\$6,000 – 0% - \$6,000	\$6,000 – 30% - \$12,000
\$10,000 – 0% - \$10,000	\$10,000 – 30% - \$20,000
\$20,000 – 0% - \$20,000	\$20,000 – 30% - \$40,000

**Important benefit limits**

- \$7 million lifetime maximum for all plans, except Lumenos HSA Standard, which has a \$1 million lifetime maximum
- The following limits apply per member, per calendar year (in- and out-of-network combined)
  - \$5,000: Durable Medical Equipment
  - \$5,000: Early Intervention Services
  - \$5,000: Outpatient Rx (*Specialty drugs do not count towards the \$5,000 max.*)
  - \$2,000: Outpatient Physical and/or Occupational Therapy
  - \$500: Spinal Manipulation & Other Manual Medical Interventions
  - \$500: Outpatient Speech Therapy
  - 90 visits for Home Health Care Services
  - 20 visits for outpatient mental health and substance abuse services
  - 25 days for inpatient mental health and substance abuse services
  - 100 days in skilled nursing facility

Unlike some of our other plans, ambulance services, ground or air, have no limit per calendar year under the Lumenos plans.

Optional dental and maternity coverage is available with Lumenos plans. Lumenos plans utilize Anthem's PPO network, Virginia's largest provider network, the coast-to-coast BlueCard PPO network, and the strength and security of the Blue Cross and Blue Shield brand.

**"Consumer-driven" plans put the customer more in control**

Lumenos plans are paired with powerful online decision support tools, and personal health coaching, that consumers can use to learn more about their health care treatment and cost options. Extensive preventive care, and smoking cessation and weight management programs are also benefits of the products.

Not only does Anthem's Lumenos suite of products put consumers more in control of their health and their health care dollars, it also offers them an incentive to make better lifestyle choices, spend wisely, and to demand better health care quality and value. In addition, many consumers will receive credits for completing various wellness programs

For example, when members complete an online health assessment, enroll in a program with a health coach, successfully complete a smoking cessation program or make other healthy lifestyle choices, they will receive tangible incentives and credits under Lumenos HIA and HIA Plus health plans. These incentives range from \$50 for completing a smoking cessation program to \$200 for enrolling and graduating from a personal health coaching program that will enable consumers to better manage their condition. These unique features, combined with Anthem's network strength, innovative provider partnerships, local presence and powerful brand name will provide unparalleled value to consumers. Lumenos HSA and HSA Standard members can participate in these programs as well, however, they will not receive incentive credits in their HSA account. (Please note that credits may be placed into the health account, but the consumer receives no actual cash in hand.)

Early evidence about CDHPs points to increased healthy behaviors by those who have chosen such a plan. According to a recent study by Knowledge Networks (August 2007) for the Blue Cross Blue Shield Association, consumers in these plans were found to be:

- 17 percent more likely to participate in an exercise program than those enrolled in non-CDHP programs
- 15 percent more likely to participate in a stress management program
- 14 percent more likely to participate in a smoking cessation program
- 29 percent more likely to save for future medical expenses
- 20 percent more likely to track their health care expenses

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### Introducing Blue Preferred Life™

In conjunction with the roll-out of our Individual Lumenos products, we also are introducing Term Life Insurance in Virginia, Blue Preferred Life™, underwritten by Anthem Life Insurance Company, Inc.

Starting February 18, 2008, we will offer the following Blue Preferred Life™ benefit amounts:

<b><i>KeyCare Flexible Choice, KeyCare HealthSmart and HealthSmart with Enhanced Drug Benefit</i></b>		
<b>Subscriber</b>	<b>Spouse</b>	<b>Dependent</b>
\$25,000	\$25,000	\$15,000
\$50,000	\$50,000	\$15,000
<b><i>Anthem Lumenos HSA, Lumenos HIA and Lumenos HIA Plus</i></b>		
<b>Subscriber</b>	<b>Spouse</b>	<b>Dependent</b>

\$25,000	\$25,000	\$15,000
\$50,000	\$50,000	\$15,000
\$75,000	\$75,000	\$15,000

**NOTE: The agent MUST be licensed and appointed with Anthem to sell Anthem Life coverage.**

### **Eligibility Guidelines for Blue Preferred Life™**

The new Term Life option is available only with these Individual products:

- KeyCare Flexible Choice
  - KeyCare HealthSmart
  - KeyCare HealthSmart with Enhanced Drug Benefit
  - Anthem Lumenos HSA
  - Anthem Lumenos HIA
  - Anthem Lumenos HIA Plus
- Blue Preferred Life™ is not available as a stand-alone policy, but if a member cancels medical coverage, he/she can choose to continue Life coverage
  - Everyone on the policy must take this coverage, if eligible, as follows:
    - New applicants must meet Anthem's medical underwriting guidelines for Levels 1-3
    - Available for anyone age 1-64 applying for or active on an eligible health plan
    - Applicants under the age of 1 year are not eligible for Blue Preferred Life™
      - ⇒ Infants can be included from birth and will be eligible for Blue Preferred Life™ following their 1st birthday
    - Applicants age 65 or older are not eligible for Blue Preferred Life™
      - ⇒ An insured individual will automatically be cancelled on the 1st day of his/her renewal month after the 65th birthday
  - Blue Preferred Life™ is not available on a domestic partner policy; domestic partners must complete separate applications or the policy will be separated during the enrollment process.

### **Adding a Dependent to a Health Policy with the Term Life Option**

- If approved, Levels 1-3 will automatically be added to the Term Life option
- Dependent children are covered on the plan until the end of the year in which they turn age 23
- If an overage dependent converts coverage to his/her own identical policy, he can keep the Term Life option:
  - Term Life option will default to \$25,000 (policyholder) instead of the \$15,000 (dependent)
  - To increase the Term Life option higher than \$25,000, the Customer Add/Change Form must be completed, and the individual must health qualify

### **Blue Preferred Life™ Monthly Rates:**

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### Other Important Notes

- If the customer sends in a direct application, the Life addition will be denied. We will send the agent a copy of that application so you can contact the customer to complete the agent version of the application with the agent's signature.
- If the applicant submits an application for Life ONLY, but does not currently have an active medical coverage plan with us, the application will be declined and a decline letter sent to the customer.
- Anthem Blue Cross and Blue Shield will administer enrollment and billing, and Anthem Life will administer claims.
- **The Customer Service number for the Anthem Life product is 1-800-553-3164.**

### Questions?

If you have questions regarding the information in this Advisor Update, please call the Broker Services & Retention Unit at 1-800-225-3611, follow the prompts and select Option 1. As always, we appreciate your business and partnership.

Sincerely,

Cyndy W. Cromer

Manager - Field Sales/Broker

Individual Business

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