

# PRODUCER UPDATE



**BlueCross BlueShield of Illinois**

300 East Randolph Street • Chicago, Illinois, 60601

To: **ALL COUNTRY Insurance Financial Services Agents**

From: **Peter B. Rodes, Divisional Vice President, Consumer Markets**

Date: **May 18, 2006**

Subject: **SelectTEMP<sup>®</sup> PPO Product Launch  
Under-65 Rate Changes Effective July 1, 2006**

## **Introducing SelectTEMP PPO – Our Newest Product Offering Affordable, Temporary Coverage!**

We at Blue Cross and Blue Shield of Illinois are always looking to develop new products that will meet the special needs of your prospects and help your business grow.

We are very pleased to announce the availability of our new Under-65 SelectTEMP PPO product. SelectTEMP PPO is a short-term health care plan designed to make it easy and more affordable for individuals with temporary insurance needs to get important protection for unexpected accidents and illnesses.

SelectTEMP PPO is affordable and exceptionally suited to the many individuals seeking an alternative to costly COBRA coverage, or who are either in-between jobs or waiting for an employer-sponsored plan to begin.

### **Here are just a few SelectTEMP PPO plan highlights:**

- Reliable benefits, including 80% coverage for hospitalization, emergency care, surgery, outpatient services and much more
- A choice of \$500, \$1,000, \$1,500, \$2,000, \$2,500 or \$5,000 deductible
- Coverage periods can range from one month to up to six months (in one-month increments) and clients can choose the date they wish coverage to begin
- Simplified underwriting
- Freedom to choose doctors and hospitals from one of the largest contracting health care provider networks in Illinois
- Up to \$5,000,000 in lifetime coverage
- Coverage when traveling with access to the Blue Card PPO network of contracting providers
- Additional savings through the *Members First*<sup>®</sup> Discount Program

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## SelectTEMP PPO Is Available for Immediate Sale

SelectTEMP PPO is available to individuals, families and children. Illinois residents may apply for family coverage if the applicants are at least 60 days of age, under 65 years of age and not entitled to Medicare benefits. For an individual child's policy, the child must be at least one year of age, and each child applying for coverage will need a separate application.

SelectTEMP PPO is an underwritten product available for the duration of up to six months. There is a 12-month pre-existing conditions limitation, and coverage is not renewable. However, individuals may purchase up to two successive policies if qualifications for applying are met.

## SelectTEMP PPO Commissions and Sales Materials

First year commissions on the new SelectTEMP PPO policies will be the same as our Under-65 products. Producers earn 15% first year commission. A Producer with True Blue status will earn 20% per policy. SelectTEMP PPO policies will not count towards the Blue Rewards program.

All materials, including the salespack may be ordered or downloaded from our Web site [www.bcbsil.com/country](http://www.bcbsil.com/country). The SelectTEMP PPO salespack has everything you need to begin selling immediately, includes rates. CCSI Brokerage will send the updated illustration software to you via Radia some time on or after June 1, 2006.

With the introduction of SelectTEMP PPO, it has never been easier to maximize your sales in the Under-65 market. We encourage you to take advantage of the opportunities and rewards that await you!

## Modest Rate Adjustments for July 1, 2006 — 6.4% for Most New Business Rates!

We are very pleased to announce that upcoming premium increases for Blue Cross and Blue Shield of Illinois (BCBSIL) Under-65 products will be modest, ranging from only 2.9% to 8.7%. Our average increase for our Under-65 plans is 6.4%, compared to the national average rate increase of 6.8% (as estimated by the Centers for Medicare and Medicaid Services.) This marks our third consecutive year our increases are below trend rate action. The highest increase of 8.7% applies only to one plan, the \$1,000 deductible option for SelectBlue. We have been able to achieve these impressive results by negotiating tough but fair provider discounts, reducing administrative costs and managing utilization trends.

Rate adjustments will take effect July 1, 2006 and will not apply to new business written under the current 12-month guarantee. Enclosed in this update is a compilation of charts indicating all rate adjustments, effective July 1, 2006. Please note that the SelectTEMP<sup>®</sup> PPO product rates will not change.

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In the face of rising health care costs, our ability to modestly increase premiums demonstrates our market leadership and ongoing commitment to providing our members with affordable coverage through rate stability and broad product portfolio. Furthermore, we are confident that this will contribute to increased sales and retention for our Producers.

Producers who are at risk of losing business are encouraged to suggest to their customers that they switch deductibles or find a BCBSIL product that better suits their needs and budget. A couple of examples follow.

## **Example 1** – Increase BlueValue<sup>SM</sup> deductible from \$500 to \$1,000 (Premiums as of 7/1/06)

BlueValue, 100% coinsurance, area 2, male age 40, female age 40 with maternity, 1 child

\$ 500 deductible – monthly premium \$832.64

\$1,000 deductible – monthly premium \$692.46

**Monthly Savings \$140.18      Annual Savings \$1,682.16**

## **Example 2** – Switch from SelectBlue<sup>SM</sup> to BlueChoice<sup>®</sup> Select (Premiums as of 7/1/06)

SelectBlue, 80% coinsurance, \$500 deductible, area 1, male age 45, female age 45 without maternity, 2 children — monthly premium \$1,070.34

BlueChoice Select, 80% coinsurance, \$500 deductible, area 1, male age 45, female age 45 without maternity, 2 children — monthly premium \$858.47

**Monthly Savings \$211.87      Annual Savings \$2,542.44**

BCBSIL is committed to supporting our Producers and to developing innovative ways to support you in your sales initiatives. As the leading insurer in Illinois with one of the largest provider networks, BCBSIL will continue to provide your customers with strength and stability. We appreciate your sales efforts and look forward to continuing our relationship during 2006.

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## Under-65 New Business Rate Chart

The following chart outlines the new business rate adjustments for July 1, 2006. The rate changes vary depending upon plan and deductible.

BlueChoice Select, BlueChoice® Value, BlueValue, BlueValue Advantage <sup>SM</sup> , SelectBlue Advantage <sup>SM</sup> , Traditional Blue <sup>SM</sup>	2.9% to 7.6%
SelectBlue	3.9% to 8.7%
BasicBlue <sup>SM</sup>	3.3% to 7.6%
BlueEdge <sup>SM</sup> High Deductible Plans	6.4% to 7.6%

## In-Force Business

Existing individual Under-65 members will see moderate rate changes beginning July 1, 2006 as shown in the table below. Your clients will receive written notification of the rate adjustment approximately 40 days before the new rate takes effect. Producers are encouraged to be proactive by contacting their clients in advance of their rate adjustment and remind them of our financial strength, stability and unsurpassed customer service.

As always, for those members who wish to apply for new business rates, they may complete a new application and go through the underwriting process.

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The following chart outlines in-force rate adjustments for July 1, 2006.

## In-Force Rate Adjustments (at renewal)\*

Series 3 Plans		
BlueChoice Select, BlueChoice Value, BlueValue, BlueValue Advantage, SelectBlue Advantage, Traditional Blue	Prior to 7/1/04	9% to 14%
	7/1/04 to 6/30/05	9.3% to 14.4%
	7/1/05 to 6/30/06	7.3% to 12.3%
SelectBlue	Prior to 7/1/04	10.1% to 15.2%
	7/1/04 to 6/30/05	10.4% to 15.5%
	7/1/05 to 6/30/06	8.4% to 13.4%
BasicBlue	Prior to 7/1/04	9.5% to 14%
	7/1/04 to 6/30/05	9.8% to 14.4%
	7/1/05 to 6/30/06	7.8% to 12.3%
BlueEdge High Deductible Plans	Prior to 7/1/04	10.7% to 11.9%
	7/1/04 to 6/30/05	10.7% to 11.9%
	7/1/05 to 6/30/06	10.7% to 11.9%

\*Effective on the first billing cycle after the expiration of the rate guarantee period on or after 7/1/06.

## New Individual Under-65 Rate Book and Software

The individual Under-65 rate book has been updated and is available for printing at the Producer Web site, [www.bcbsil.com/country](http://www.bcbsil.com/country). CCSI Brokerage will send the updated illustration software to you via Radia some time on or after June 1, 2006. Please begin to use these new materials for new business effective July 1, 2006.

## Who to Contact with Questions

If you have any questions, please contact CCSI Brokerage at (866) 434-3458. The local phone number for the Bloomington area is (309) 821-2926.

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