

Reminder: Broker Commission Schedule Enhancements

As you may have read in our June 13 *BluePrints for Brokers Update*, Blue Cross Blue Shield of Delaware (BCBSD) announced enhancements to our broker commission schedules for **BlueIndividual** and Small Employer Group products, effective July 1. These schedule changes are for new sales and renewals.

Schedule Change Details

The base commission for **BlueIndividual** products will increase from five percent to seven percent for the first full year of enrollment, and then convert to five percent for all subsequent enrollment years. Additionally, BCBSD will pay the full commission, calculated on the base premium for any contracts with a surcharge (for example, a smoker surcharge contract).

The new Broker Commission Schedule also includes a placement fee for new business sales in the **BlueIndividual** and Small Employer Group segments. This placement fee is an exciting new feature that is being incorporated into our commission schedule — rather than being used as a one-time broker bonus promotion. It will enable us to consistently reward brokers for bringing new business sales to BCBSD. Effective July 1, the placement fee is \$200 per contract for **BlueIndividual** products and \$175 per contract for Small Employer Group products.

	Schedule Prior to July 1		New Schedule, Effective July 1	
	New Sales	Renewals	New Sales	Renewals
BlueIndividual Products	5% base commission	5% base commission (7% for contracts sold prior to 7/1/08 reverting to 5% on 1/1/12)	7% base commission plus \$200-per-contract placement fee	5% base commission (7% for contracts sold prior to 7/1/08 reverting to 5% on 1/1/12)
	No commission on surcharged contracts		Full commission on surcharged contracts, calculated on the base (unsurcharged) premium	
Small Employer Group Products	5% base commission	5% base commission	5% base commission plus \$175-per-contract placement fee	5% base commission

The placement fee is paid on a per-contract basis once the brokerage/agency sells a minimum of 30 new business contracts (**BlueIndividual** and Small Employer Group contracts combined) in a calendar year. In 2011, the prorated minimum is 15 contracts (for sales from July through December 2011). To be eligible, contracts must be for new subscribers (not existing BCBSD members) who remain enrolled for a minimum of one year.

Once the minimum number of contracts is sold, all accumulated placement fees will be paid on the next monthly commission payment date. After that time, payments for additional sales will be made each month.

Please note that this commission schedule replaces all existing and prior schedules, and sales bonus programs for **BlueIndividual** and Small Employer Group products. If you have any questions about these enhancements, please contact your BCBSD Broker Representative.

Proposed Affiliation Information Available on bcbdsde.com

On August 20, 2010, BCBSD announced a proposed affiliation agreement with Pennsylvania-based Highmark Inc. (Highmark). The decision to affiliate was the result of a very



deliberate process undertaken by our Board of Directors and Management, and Highmark was chosen as our potential

partner because both companies share similar values and structure. BCBSD and Highmark are both not-for-profit Blue Plans with a demonstrated commitment to the communities in which we do business.

The proposed affiliation is currently under regulatory review. In the spirit of transparency and open communication with our customers, the community and the media, we have created a link on our website, bcbdsde.com, which houses additional information about the proposed affiliation, and the expected benefits for you and your clients. To view the information, please visit bcbdsde.com and click on the *Proposed Affiliation Information* box near the top, right-hand corner of the page.

We hope you will see why we are excited about this potential partnership.

Stacked Pre-Paid Benefits Card

If your group clients offer a Health Reimbursement Arrangement (HRA) or are considering offering this benefit with a High-Deductible Health Plan, BCBSD has the capability of providing a “stacked” Pre-Paid Benefits Card with a Flexible Spending Account (FSA).

With a stacked card, the group’s employees would receive one Pre-Paid Benefits Card (Benny Card) that would be linked to their HRA and FSA accounts. An employee would use his or her card for eligible health services, and the employer determines the hierarchy of which account (HRA or FSA) pays first. Based on the company’s benefits plan, the transaction would utilize the funds from the first account and then access the other account when the first account’s funds are depleted. If the two accounts have a different list of eligible services, the transaction would only utilize funds from the appropriate account(s). For example, if a company’s HRA pays for expenses only applied to an employee’s deductible and the card were used to pay for services at the dentist, the funds would automatically come from the employee’s FSA. For a group’s employees, the arrangement offers the convenience of utilizing one card for both accounts and helps minimize the paperwork employees need to submit.

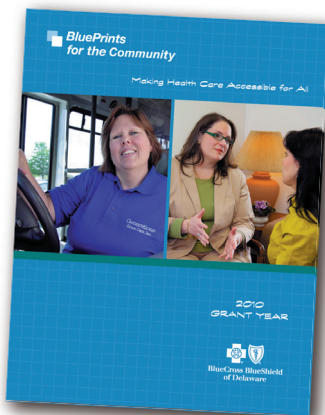
To use the stacked card option, both the HRA and FSA would need to be administered by BCBSD with the same plan year. If you would like more information, please contact your BCBSD Broker Representative, or Sue Dahms, at 302.421.3348 or sue.dahms@bcsbde.com.

Increasing Access to Care

As Delaware's premier health benefits company, BCBSD understands the importance of access to quality, affordable health care for our members, and for all Delawareans. In addition to sponsoring health-related events and initiatives throughout Delaware, in 2007 we expanded our community support efforts by introducing a grant program, called *BluePrints for the Community*. Since its inception, the program has awarded more than \$2.25 million to 13

organizations — four of which recently received grant renewals for their initiatives.

As a result, more than 11,000 Delawareans have been able to access quality, affordable care they may not otherwise have been able to receive because of low incomes and lack of insurance. To learn more, download our 2010 *BluePrints for the Community* brochure on the bcsbde.com home page, or contact your BCBSD Broker Representative for a printed copy.



Reminder: 3-Tier Prescription Drug Program Changes

BCBSD has established a service agreement with Highmark Inc. (Highmark) to provide limited administrative services related to pharmacy benefits management for BCBSD. As a result, there have been a few changes to BCBSD's 3-Tier Prescription Drug Program, effective July 1, 2011:

- **Formulary, including Prior Authorization and Quantity Limits:** Some drugs currently listed on our formulary will be categorized differently, which may affect members' out-of-pocket expenses. Approximately 45 medications were changed from Tier 2 (preferred brand name) to Tier 3 (non-preferred brand name), while more than 300 medications were upgraded from Tier 3 to Tier 2. Prior authorization requirements and/or quantity limits are also changing for some drugs. *(Please refer to a plan's benefits materials to see if the prescription drug coverage includes prior authorization requirements or quantity limits.)*

- **Pricing for a 90-Day Supply of Medication:** A 90-day supply of certain maintenance medications can now be obtained at a retail pharmacy at the same copay or coinsurance level as that offered through mail order. *(This change is effective on July 1, 2011, for all fully insured groups and will be available to self-funded groups as they renew, beginning July 1, 2011.)*

The updated formulary, including prior authorization and quantity limit drugs, can be viewed on bcsbde.com, by clicking *Check Rx Drug Coverage*, then *Preferred Drug List (Formulary)*. If you have any questions about these changes, please contact your BCBSD Broker Representative.

Topic Ideas and Questions Welcomed

If there is a topic you'd like to see in a future issue, or if you have any questions about this newsletter, please email us at BluePrintsforBrokers@bcsbde.com.

This newsletter provides information to the brokers, and their staffs and customers of BCBSD. It does not provide legal, tax or financial advice.

Please contact an appropriate advisor for legal, tax or financial advice for your specific situation.

