



Innova & Engage

Expanding to groups of 100+ employees

Bridging The Gap



Member Behavior

Passive

Engaged

Proactive

Provider Choice

Restricted

Category Choices

No Restrictions

Rewards

None

Wellness

Tax Savings



Positioning For Groups Of 100+ Employees

Benefits are an investment

- Attract and retain talented employees
- Ensure employee productivity
- Support company culture
- Manage utilization



Expect more because of group size

- Want flexibility of design
- Programs that support company objectives
- Demand personalization and higher service levels



Desire a long-term carrier relationship

- Want a partner, not another vendor



What You Will Learn Today

For Large Groups 2+ Innova and Engage:

- Include the benefit options and flexibility large groups want to meet cost or coverage objectives
- Have the embedded programs they are demanding to help their most important investment flourish— their people
- Are a good way to introduce consumerism without alienating an employee base who is comfortable with traditional benefit concepts
- Are the core of a comprehensive benefit package that large groups will find valuable



Open-Door Provider Access

Innova and Engage offer access to *all* Regence providers, with plan benefits that provide true member choice

- Members are **free to select** the provider(s) they want, depending on the portion of the cost they wish to pay
- *All* licensed providers fall into one of **three categories**, based on the reimbursement amount they accept from Regence

Category/Network



Category 1/Preferred Providers (PPP)

94% of all Washington doctors & specialists



Category 2/Participating Providers (PAR)

An **additional 1%** of Washington doctors & specialists

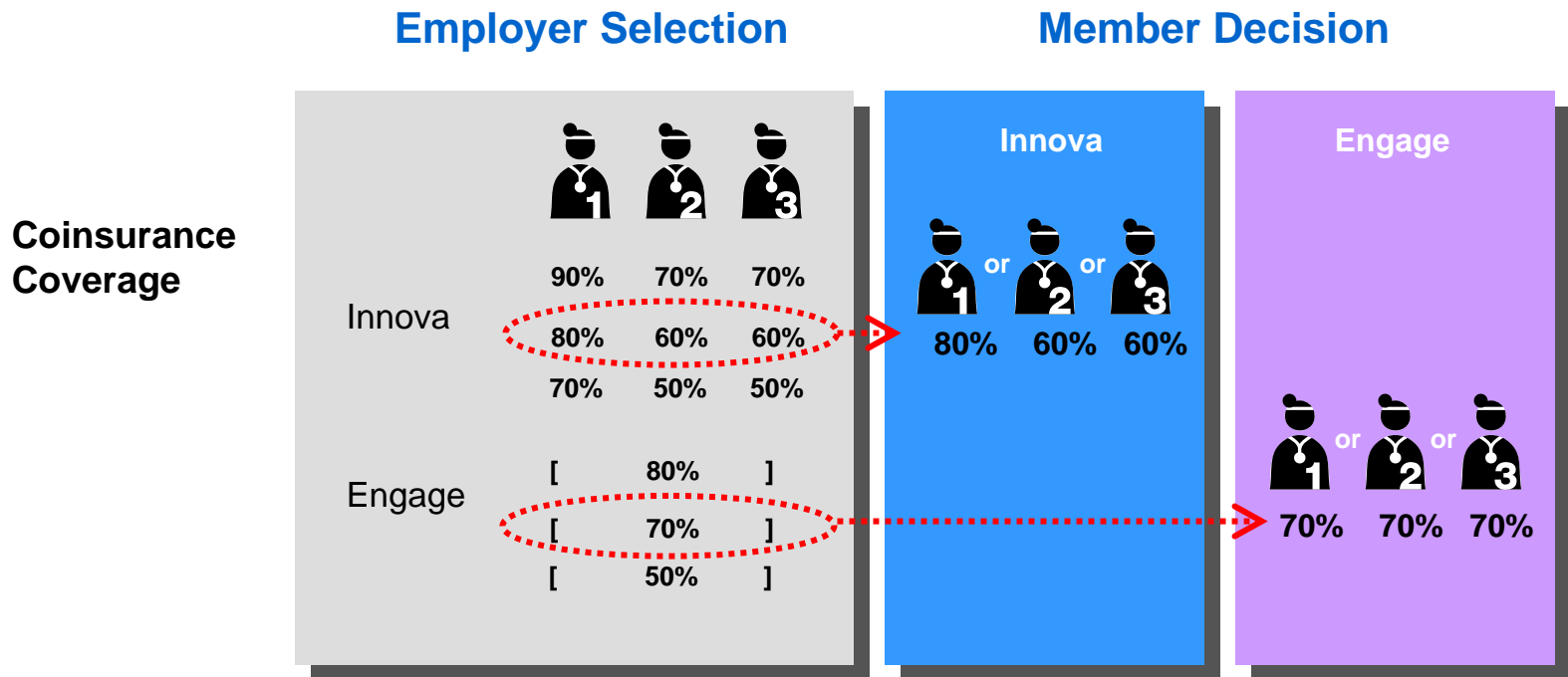


Category 3/Non-contract Providers

Remaining 5% of Washington doctors & specialists

Provider Categories In Action

The provider category concept provides new options and choices for Employers and Members

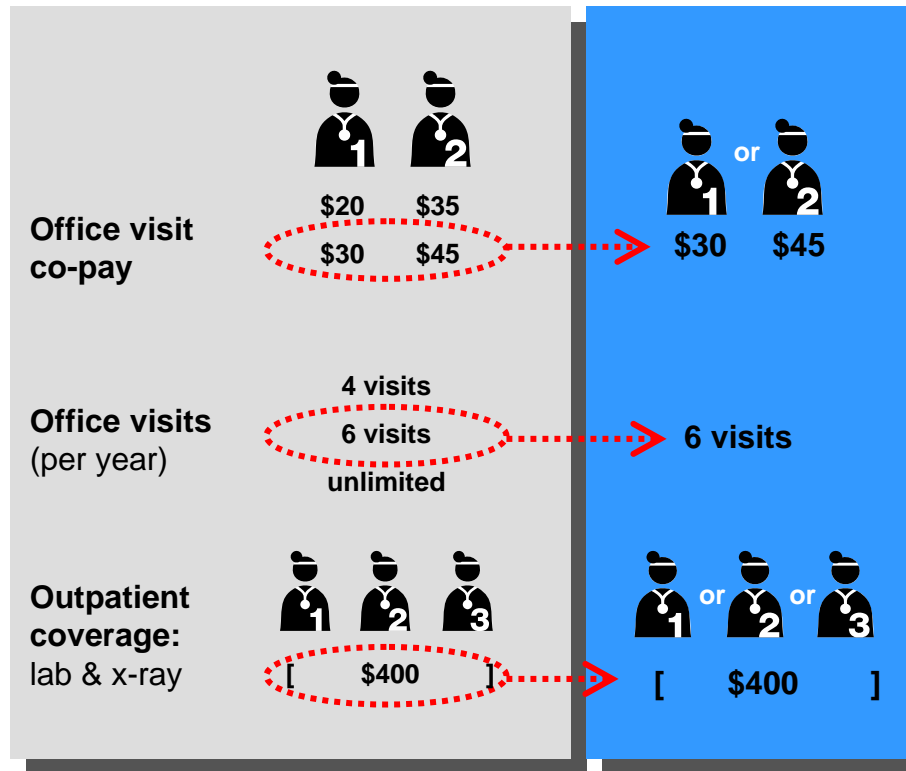


Regence Innova

Innova offers cost predictability through Up-Front benefits that are not subject to deductible

Employer Selection

Member Decision



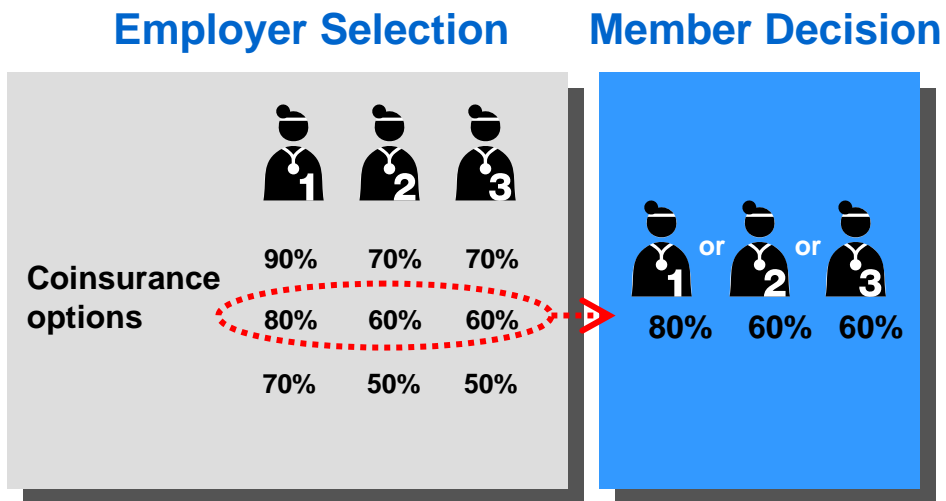
- Member pays their **co-pay amount**, based on the provider they visit.
- Moderate cost differences—with no balance billing—creates a **predictable member choice**.
- Member chooses when / where to apply their co-pay benefit, up to the annual allotment.
- Member chooses where to apply their \$400 lab & x-ray Up-Front benefit, **redeemable with any provider**.



Regence Innova

Innova offers predictable benefits before deductible, and robust coverage after deductible

Benefits after deductible



- Most robust benefit available with the broadest provider category (Category 1 = 94 percent of all providers)
- Deductible and co-insurance maximums are the same across all provider categories.
- Category 3 can choose to balance bill.



Innova Benefit Overview

Benefit Area	Benefit Detail
Annual Up-Front office visits	4, 6 or unlimited
Up-Front OV Copays	\$20/\$35, \$30/\$45
Outpatient Radiology & Lab credit	\$400 annually
Deductible	\$250 \$500 \$750 \$1000 \$1500 \$2000 \$5000
Coinsurance	90/70/70 80/60/60 70/50/50
Coinsurance Maximum	\$2000 \$3000 \$4000 \$6000
Lifetime Maximum	\$2 million
Riders	Vision, EAP, Spinal Manipulations

- Family deductible and coinsurance max is 3 times individual
- Family aggregate applies
- Deductible and coinsurance max apply to all Categories/Network
- Rx embedded



Did You Know . . .

The most popular Innova product combination for groups of 2 to 99 employees:

Co-Pay	Office Visit	Deductible	Coinsurance	Coinsurance Maximum
20/35	Unlimited	\$500	80/60/60	\$2,000
20/35	Unlimited	\$250	80/60/60	\$2,000

Source: Pivot Tables, Enrollment through February 2008

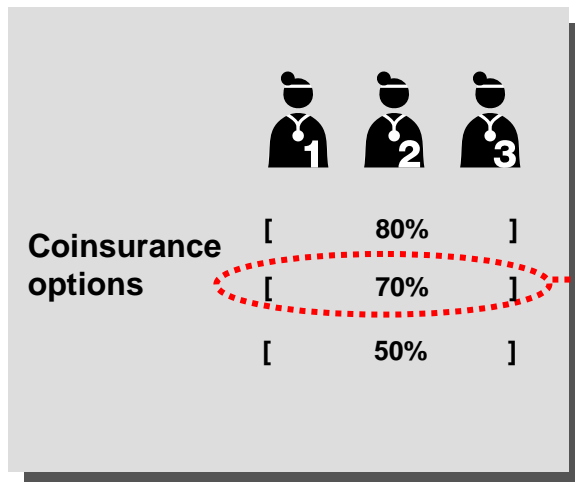


Regence Engage

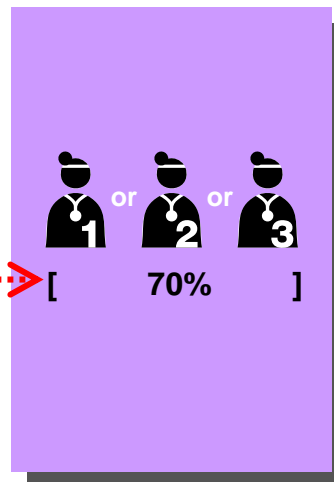
Engage offers simple, straight forward coverage with open-door access to all providers.

Benefits after deductible

Employer Selection



Member Decision



- Single co-insurance level **simplifies member choices** and encourages provider selections based on quality, not just cost.
- Deductible and co-insurance maximums are the **same across all provider categories**.
- Category 3 can choose to balance bill.



Engage Benefit Overview

Benefit Area	Benefit Detail
Deductible	\$0 \$500 \$1000 \$2000 \$5000
Coinsurance	80/80/80 70/70/70 50/50/50
Coinsurance Maximum	\$2000 \$3000 \$4000 \$6000
Lifetime Maximum	\$2 million
Riders	Vision, EAP, Spinal Manipulations

- Family deductible and coinsurance max is 3 times individual
- Family aggregate applies
- Deductible and coinsurance max apply to all Categories/Network
- Rx embedded



Did You Know . . .

The most popular Engage product combination for groups of 2 to 99 employees:

Deductible	Coinsurance	Coinsurance Maximum
\$0	80/80/80	\$4,000

Source: Pivot Tables, Enrollment through February 2008





Coverage Away from Home

- Inside Regence States (WA, ID, OR, UT)
 - Members see Regence providers just like at home
 - Eastern Washington coverage through BlueCard

- Outside Regence
 - Innova
 - Category 1 - BlueCard PPO
 - Category 2 - BlueCard Traditional
 - Engage
 - BlueCard Traditional





Product Rules

- Expansion of Innova and Engage products to fully insured groups of any size
 - Groups who are willing to buy product off the shelf may buy products
 - No custom reporting
- Innova and Engage may not be sold with prior Regence products





Pharmacy Products



Pharmacy Benefit Value

For Employers

- Reducing absenteeism for health reasons
- Employees who are engaged and productive
- Medication therapy to reduce treatment need

For Employees

- Access to medications
- Incentives and resources to focus on their health





Rx Product Rule Highlights

- Mandatory pharmacy with Innova or Engage medical plan purchase.

- Dual options
 - Groups *cannot* select from both Innova, Engage and prior pharmacy plans.
 - Groups *can* select among Innova and Engage pharmacy plans (Choose same Rx plan if purchase both Innova & Engage)

- Rx accumulators from Regence products carry forward to new products when applicable in areas such as:
 - Deductible
 - Annual Member Out-of-Pocket Maximum
 - Annual Limit / Plan Maximum
 - Consecutive Regence claims history/prior authorizations



Innova and Engage Pharmacy Products

Innova & Engage Rx*	Groups 2+		
	Rx 1	Rx 2	Rx 3
Generics **	\$5	\$7	\$10
Brand Formulary	\$25	25%	35%
Brand Non-formulary	\$50	50%	50%
Deductibles	Choose from \$0, \$250, \$500		
Annual Member OOP Max (per member)	\$3K	\$4K	\$5K
Annual Plan Limit	NA	NA	NA
MAC A	Yes	Yes	Yes
Retail (30-day supply) 1 copay/coinsurance			
Mail Order (up to 90-day limit) 3x co-pay/coinsurance			
Self-Administered Injectables limited to 30-day supply			
<p>*All business rules remain the same for groups 2-100+ on Innova/Engage. ** Generics not subject to deductible for groups 2-100+ when purchasing Innova or Engage.</p>			



Prevention & Wellness Through Value-Based Design

- Growing interest among employers
- Reducing financial barriers for medication therapies of higher clinical value
- Improving medication adherence to prevent catastrophic conditions
- Costs may be more manageable for those actively involved in their health





Generics

RegenceRx continues to promote all generics through:

- Placement of generics at lowest formulary tier
- Generic incentive program
- Employer/member tools:
 - [Flyers on health care services Web site](#)
 - [myRegence.com](#)
 - [RegenceRx.com](#)
- Prior authorizations, step edits, MAC policy



Maximum Allowable Cost – A (MAC A)

- The policy that governs how a medication pays when a generic equivalent is available but the brand is chosen
- Calculated as the difference between the allowed cost of the medication and the generic equivalent plus the member's copay/co-insurance, not to exceed the total allowed cost of the brand



MAC A Example

\$200	<i>brand cost</i>
<u>- \$25</u>	<i>generic equivalent cost</i>
\$175	
<u>+\$50</u>	<i>non-formulary brand copay for member on Rx-1 plan for Innova amount is greater than brand cost</i>
\$225	
\$200	what the member would pay

-In this example, only the member's \$50 copay would apply to his/her maximum out of pocket and/or deductible.

-In any case for MAC A, only the member's copay/coinsurance applies to the maximum out of pocket and/or deductible.



Equivalents vs. Alternatives

Exact Generic <u>Equivalent</u>	Generic <u>Alternative</u>
<i>Same chemical structure as the brand</i>	Different chemical structure from the brand, but same therapeutic class
Example: Simvastatin is exact generic equivalent for Zocor	Example: Lisinopril is a generic alternative for Aceon



Top 25 Brand Medications with Exact Generic Equivalents by Rxs
 The Regence Group
 Claims Incurred: 06/01/2007 - 08/31/2007



Row Nbr	Medication Name	Medication Form	Status	Generic Equivalent
1	SYNTHROID ²	TABLET	Brand	LEVOTHYROXINE SODIUM
2	LEVOXYL ²	TABLET	Brand	LEVOTHYROXINE SODIUM
3	TOPROL XL	TAB.SR 24H	Brand	METOPROLOL SUCCINATE
4	VIVELLE-DOT	PATCH TDSW	Brand	ESTRADIOL
5	LEVOTHROID ²	TABLET	Brand	LEVOTHYROXINE SODIUM
6	COUMADIN ²	TABLET	Brand	WARFARIN SODIUM
7	CLIMARA	PATCH TDWK	Brand	ESTRADIOL
8	ORTHO TRI-CYCLEN	TABLET	Brand	NORGESTIMATE-ETHINYL ESTRADIOL
9	ZOLOFT	TABLET	Brand	SERTRALINE HCL
10	AMBIEN	TABLET	Brand	ZOLPIDEM TARTRATE
11	DILANTIN ^{1,2}	CAPSULE	Brand	PHENYTOIN SODIUM EXTENDED
12	NORVASC	TABLET	Brand	AMLODIPINE BESYLATE
13	WELLBUTRIN XL ¹	TAB.SR 24H	Brand	BUPROPION HCL
14	LOTREL ¹	CAPSULE	Brand	AMLODIPINE BESYLATE/BENAZEPRIL
15	ALLEGRA	TABLET	Brand	FEXOFENADINE HCL
16	LANOXIN ²	TABLET	Brand	DIGOXIN
17	INDERAL LA	CAP.SA 24H	Brand	PROPRANOLOL HCL
18	VICODIN	TABLET	Brand	HYDROCODONE BIT/ACETAMINOPHEN
19	ORTHO-NOVUM	TABLET	Brand	NORETHINDRONE-ETHINYL ESTRAD
20	ORTHO-CYCLEN	TABLET	Brand	NORGESTIMATE-ETHINYL ESTRADIOL
21	PROZAC	CAPSULE	Brand	FLUOXETINE HCL
22	CELEXA	TABLET	Brand	CITALOPRAM HYDROBROMIDE
23	FLONASE	SPRAY	Brand	FLUTICASONE PROPIONATE
24	LO/OVRAL-28	TABLET	Brand	NORGESTREL-ETHINYL ESTRADIOL
25	ESTRACE	TABLET	Brand	ESTRADIOL

1. Not all strengths have an exact generic equivalent.

2. There are "A" rated generics for some NTI (Narrow Therapeutic Index) medications; substitution can be made at the knowledge of prescriber and patients



Embedded Wellness Products



Support When You Need It Most

Innova & Engage go beyond basic insurance to provide personalized Health and wellness support to all members, *at no additional charge.*



One-to-one **Health Coaching** empowers members to achieve personal health goals—such as weight loss and stress management.



24 / 7 Nurseline access, through **Regence CareEnhance**, helps members know when, where (or if) to seek care.



Special Beginnings maternity program enhances one of the most significant member touch points with a supportive 9-month education experience.



Regence **Case Management & Disease Management** help members with complex health needs understand their benefits and maximize treatment options.



A broad array of **advice and support** from experts and other members of the community provides a forum for education and outreach at myRegence.com





What We've Covered Today

- **Self-managed plans** address current group needs by giving members choice:
 - Choice of doctors
 - Choice of co-pay amount
 - Choice of co-insurance level
- **Innova** provides the predictability of a co-pay plan while keeping engagement and choice through multi-level benefits and multiple “in network” choices
- **Engage** provides a simple intuitive benefit through a single coinsurance level and deductible for all categories of provider. This means open door access



Transforming Member Behavior...

Informed Choice

- Customized navigation
- Care Enhance



CAUSE

*Reducing waste,
confusion & fear*

Engagement

- Family wellness activities
- myRegence.com community blogs



COMMUNITY

*Leveraging the power
of our members*

CONSUMERISM

*Level of member
self-management*

Active Participation

- Rewards
- Provider choice





Thank You!



Regence

Regence BlueShield is an Independent Licensee
of the Blue Cross and Blue Shield Association