



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

P.O. Box 30270
Salt Lake City, UT 84130-0270

[November, 2010](#)

[NAME](#)
[ADDRESS](#)
[CITY STATE ZIP](#)

Dear [Mr. Last Name](#):

We are writing to let you know about important changes to your current Regence policy. Effective January 1, 2011, your policy will be revised to include new coverage and benefit provisions, some of which are part of the new federal Patient Protection and Affordable Care Act:

- Dependent coverage to age 26: Utah law already extended coverage up to age 26. The new federal law extends eligibility of "adult children" up to age 26 regardless of marital or student status or financial dependency.
- Lifetime dollar limits: Eliminates the overall lifetime dollar limit on benefits deemed "essential" by the Department of Health and Human Services (HHS). Individuals whose coverage ended by reason of reaching a lifetime limit under the plan are eligible to enroll in the plan as long as the subscriber is still enrolled. Individuals have 30 days prior to January 1, 2011 to request enrollment.

Health insurers continue to receive additional guidance from the U.S. Department of Health and Human Services (HHS) regarding the new law. Therefore, benefit updates related to the new law may be subject to change.

To ensure that we are covering costs associated with medical trend, and some of the recent benefit changes resulting from the passage of the new laws, your premium will increase upon your next renewal. Premium increases are due in large part to rising medical and prescription costs. High rates of use, technology, and changes to federal and state regulations also have an impact on premiums. As a nonprofit health insurer, we have no option but to factor cost impacts into premiums.

Other Changes

Enclosed you will find two endorsements that include: 1) The above updates related to the new law and updates to your plan about health care fraud and 2) BlueCard changes. The BlueCard language applies when services are provided to you by providers that are in another Blue Plans' service area. The new language provides more flexibility on how prices are established for these services and specifically addresses pricing for services provided by out-of-area non-participating providers.

The FAQ on the back of this letter contains more information. You can also visit Regence.com or call us at 1-888-231-8424. We're here to make sure you have the information you need. Thank you for being a member of the Regence community. We look forward to continuing to serve you.

Sincerely,

Joanne Gholston
VP of Customer Service
[Regence BlueCross BlueShield of Utah](#)

Enclosures: Health Care Agreements

Frequently Asked Questions

1. **What is the Patient Protection and Affordable Health Care Act?**

The Patient Protection and Affordable Health Care Act was recently passed by Congress as part of federal health care reform. The new law requires that health insurers expand access and coverage for all their insured members. Learn more at Regence.com.

2. **How will the new law impact my current plan?**

The new law requires that health insurers expand access and coverage for all their insured members. While premium increases are primarily due to rising medical and prescription costs, we must also factor in the new law's near-term provisions. Our goal as a nonprofit health insurer is to anticipate our members' needs as accurately as possible so we can collect just enough premiums to cover costs.

To ensure that we are covering costs associated with medical trend, and some of the recent benefit changes resulting from the passage of the new laws, your premium will increase upon your next renewal.

3. **Will there be more reform-related changes to my plan?**

We are awaiting further guidance from HHS regarding the longer-term provisions of the new law. There are still many details to be worked out as we work toward full implementation. We will notify you of any reform-related changes to your plan.

4. **Will I be able to keep my doctors?** Yes. Our networks aren't changing, so you will still have access to an exceptionally wide range of health care providers, including non-network providers.

5. **What if I'm eligible for Medicare?** Our Medicare specialists can assist you with these options. Please call 1-888-734-3623.

6. **What if I have more questions?** If you have an agent, he or she can help you. Or, call us at 1-888-231-8424.

**PATIENT PROTECTION AND AFFORDABLE CARE ACT AMENDMENT
TO THE
HEALTH CARE AGREEMENT FOR INDIVIDUALS AND FAMILIES**

Regence BlueCross BlueShield of Utah ("Regence BCBSU") and its non-insurer subsidiary, Regence ValueCare, agree to provide Enrollees the following benefits in accordance with and subject to the provisions, terms, conditions, limitations and exclusions set forth in this Amendment and the Health Care Agreement (the "Agreement") to which this Amendment is attached. If there is any inconsistency between this Amendment and the Agreement, the terms of this Amendment will prevail.

Due to the Patient Protection and Affordable Care Act (PPACA), this Amendment makes certain changes to the Agreement effective **September 23, 2010**, or the date on which the Agreement renews with Regence BCBSU, whichever is later. To accomplish this, the following changes are made to the Agreement:

The **HOW TO USE THIS AGREEMENT** Section shall have the following required disclosure added as the seventh and eighth paragraphs:

We believe this coverage is a "grandfathered health plan" under the Patient Protection and Affordable Care Act (PPACA). As permitted by PPACA, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that Your plan may not include certain consumer protections of PPACA that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in PPACA, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to Us. You may also contact the U.S. Department of Health and Human Services at www.healthreform.gov.

The **SUMMARY OF BENEFITS** Section, **Maximum Benefit** provision shall be removed in its entirety.

The **BENEFITS** Section, **Maximum Benefits** subsection shall be replaced in its entirety with the following:

MAXIMUM BENEFITS

We pay a portion of Eligible Medical Expenses after any applicable Deductible and/or Copayment amount. However, benefits under the Agreement may be limited to Maximum Benefits for specified Covered Services. For specified Covered Services, We will provide benefits according to the Agreement until the Maximum Benefit applicable to a specified Covered Service has been provided.

The **WHEN COVERAGE BEGINS** Section, **Initial Enrollment** subsection shall have the second and third bullets replaced in their entirety with the following:

- Your (or Your spouse's) children by birth, legal adoption, or legal (court-appointed) guardianship granting full guardianship rights who are under age 26;

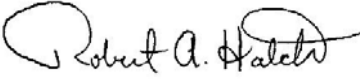

- Your (or Your spouse's) unmarried children by birth, legal adoption, placed for adoption, or legal (court-appointed) guardianship granting full guardianship rights who are over age 26 and who are a Disabled Dependent due to a Physical Impairment or Mental Impairment which started before the child's 26th birthday, and were dependent on You for more than 50% of their support, as "support" is defined in the United States Internal Revenue Regulations (see NOTE below), for the three months preceding the current premium due date (for a child born or placed for adoption within the three-month period preceding the current premium due date, the 50% support test will apply only to the period since the child's date of birth or placement for adoption). See also the Dependent Coverage Beyond Limiting Age provision below for additional details;

The **WHEN COVERAGE ENDS** Section, **Other Causes of Termination** subsection, shall have the Fraud Or Misrepresentation In Application provision replaced in its entirety with the following:

Fraud Or Misrepresentation In Application

We have issued this Agreement in reliance upon all information furnished to Us by You or on behalf of You and Your Enrolled Dependents. In the event of any intentional misrepresentation of material fact or fraud, We will have the right to declare all coverage under the Agreement null and void in accordance with applicable law; or We, at Our option, have the right to retroactively exclude or deny coverage for any claim, condition, or Enrollee related in any way to such intentional misrepresentation of material fact or fraud.

IN WITNESS WHEREOF, Regence BlueCross BlueShield of Utah and its non-insurer subsidiary, Regence ValueCare, by its duly authorized officer, has issued this Amendment.

 
[Robert A. Hatch] [D. Scott Ideson]
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[D. Scott Ideson]
President
Regence BlueCross BlueShield of Utah

**AMENDMENT
TO THE
HEALTH CARE AGREEMENT FOR INDIVIDUALS AND FAMILIES**

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The following modifications are effective: January 1, 2011, or the Enrollee's Effective Date, whichever is later.

The **Claims Administration** Section, **BlueCard Program** subsection, shall be replaced in its entirety with the following:

OUT-OF-AREA SERVICES

We have a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Whenever You obtain health care services outside of the geographic area, the claims for these services may be processed through one of these Inter-Plan Programs, which include the BlueCard Program and may include negotiated National Account arrangements available between Us and other Blue Cross and Blue Shield Licensees.

Typically, when accessing care outside Our Service Area, You will obtain care from health care Providers that have a contractual agreement (i.e., are "participating Providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, You may obtain care from nonparticipating Providers. Our payment practices in both instances are described below.

BLUECARD PROGRAM

Under the BlueCard Program, when You access Covered Services within the geographic area served by a Host Blue, We will remain responsible for fulfilling Our contractual obligations. However, the Host Blue is responsible for contracting with and generally handling all interactions with its participating Providers.

Whenever You access Covered Services outside Our Service Area and the claim is processed through the BlueCard Program, the amount You pay for Covered Services is calculated based on the lower of:

- The billed covered charges for Your Covered Services; or
- The negotiated price that the Host Blue makes available to Us.

Often, this "negotiated price" will be a simple discount that reflects an actual price that the Host Blue pays to Your health care Provider. Sometimes, it is an estimated price that takes into account special arrangements with Your health care Provider or Provider group that may include types of settlements, incentive payments, and/or other credits or charges. Occasionally, it may be an average price, based on a discount that results in expected average savings for similar types of health care Providers after taking into account the same types of transactions as with an estimated price.

Estimated pricing and average pricing, going forward, also take into account adjustments to correct for over- or underestimation of modifications of past pricing for the types of transaction modifications noted above. However, such adjustments will not affect the price We use for Your claim because they will not be applied retroactively to claims already paid.

Laws in a small number of states may require the Host Blue to add a surcharge to Your calculation. If any state laws mandate other liability calculation methods, including a surcharge, We would then calculate Your liability for any Covered Services according to applicable law.

NEGOTIATED NATIONAL ACCOUNT ARRANGEMENTS

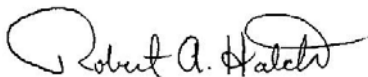
As an alternative to the BlueCard Program, Your claims for Covered Services may be processed through a negotiated National Account arrangement with a Host Blue.

The amount You pay for Covered Services under this arrangement will be calculated based on the lower of either billed covered charges or negotiated price (refer to the description of negotiated price above) made available to Us by the Host Blue.

NONPARTICIPATING PROVIDERS OUTSIDE OUR SERVICE AREA

- **Member Liability Calculation.** When Covered Services are provided outside of Our Service Area by nonparticipating Providers, the amount You pay for such services will generally be based on either the Host Blue's nonparticipating Provider local payment or the pricing arrangements required by applicable state law. In these situations, You may be liable for the difference between the amount that the nonparticipating Provider bills and the payment We will make for the Covered Services as set forth in this paragraph.
- **Exceptions.** In certain situations, We may use other payment bases, such as billed covered charges, the payment We would make if the health care services had been obtained within Our Service Area, or a special negotiated payment, as permitted under Inter-Plan Programs Policies, to determine the amount We will pay for services rendered by nonparticipating Providers. In these situations, You may be liable for the difference between the amount that the nonparticipating Provider bills and the payment We will make for the Covered Services as set forth in this paragraph.

IN WITNESS WHEREOF, Regence BlueCross BlueShield of Utah and its non-insurer subsidiary, Regence ValueCare, by its duly authorized officer, has issued this Amendment.



Robert A. Hatch
President
Regence BlueCross BlueShield of Utah