

PRODUCER UPDATE



BlueCross BlueShield of Illinois

300 East Randolph Street • Chicago, Illinois, 60601

To: **Licensed Producers for Blue Cross and Blue Shield of Illinois**

From: **Consumer Markets**

Date: **July 6, 2005**

Subjects: **Important Producer Updates:**

- **Children's Only Policies Now Available for Under-65 Products**
- **One Application for Most Under-65 Products**
- **Updated Producer Materials Are Available**
- **Producer Sales Tip — Easier List Billing**
- **Underwriting Clarifications for Allergies and Asthma**

Now Available — Individual Children's Policies for Our Under-65 Products!

In an effort to offer even more options among our existing products, all of our Under-65 plans, with the exception of the BlueEdge and High Deductible Plans, are **now eligible to be written as stand-alone policies for children age 1-18**. This means that a parent or guardian can purchase an individual policy for their child. The new Children's policies are available for immediate sale.

The new Children's option offers your clients more affordable rates, a richer benefit structure and greater flexibility. While existing Children's plans have just one rate for the entire state, the new policies are rated according to areas, which makes them more affordable, particularly in rural areas. And, like all our Under-65 plans, the new Children's policies offer \$5 million in lifetime benefits, an improvement over the current Children's plans which have lifetime benefits of \$1 to \$2 million. Along with a choice of plans and deductibles, there is now a doctor office copay available with our Select Blue plan, a benefit not offered with any of our existing Children's products.

Because the new Children's option is an extension of our existing Under-65 products, you'll find that coverage includes:

- Option of drug card with SelectBlue and SelectBlue Advantage.
- An unsurpassed selection of health insurance solutions at a variety of price points to fit your client's needs and budget.
- Access to an extensive network of contracting health care providers.

(over, please) 1

PRODUCER UPDATE

The existing Children's plans remain in effect, however we will no longer sell them after July 6, 2005. There will be a 60-day grace period from July 1 to September 1 for any pending applications. As of September 1, 2005, the existing Children's plans will not be accepted. Underwriting will be required for clients in the current Children's plans who wish to change to one of the newly available Children's policies.

Commissions on the new Children's policies will be the same as our Under-65 products and each policy you sell will count towards earning your "True Blue" status.

One Application for Children and Most Under-65 Business*

There will no longer be a separate application for Children's products. Everything you need will be included in one salespack and one application serves all of your Under-65 clients with the exception of the High Deductible Plan and the BlueEdge Plans. Applications have been updated with a new parent/guardian signature line to be used with child-only applications. For any business other than Children's policies, you may continue to use the existing application (OB3941, Rev. 09/04).

Our new Non-U.S. Citizen Guideline has been filed and approved and is reflected on the updated application. The guideline states that:

"In addition to having a permanent residence in Illinois, all persons applying for coverage who are not U.S. citizens must have resided in the U.S. for at least six months AND have had a complete physical by a physician in the U.S. within the past two years."

*Except for High Deductible Plan and the BlueEdge Plans

Updated Producer Materials Are Available

Most materials, including our rate book, product guide, salespack and mailers have been updated to include the addition of the new Children's availability for Under-65 products (except for High Deductible Plan and BlueEdge Plans).

Forms may be ordered or downloaded from our Web site www.bcbsil.com/dmagents where you can also find the updated Illustration software with the new Children's rates.

BCBSIL Producer Sales Tip — List Billing Just Got Easier!

Did you know that BCBSIL now allows list billing for small groups and individuals? In an ongoing effort to find ways of making our business more customer friendly we've recently changed our list billing requirements. When submitting a group of applications to underwriting with a request for the list bill option, the initial premium check can be written from the employer's account **if all required list bill documents accompany the applications**. Previously, each applicant needed to enclose a personal check. The submission of the completed list bill documents will provide the New Business department with the verification necessary to ensure that the employer is not contributing to the individual's health insurance premium. Please contact your Marketing Consultant or General Agent for more information.

Underwriting Clarifications for Allergies and Asthma

We hope the following outline will prove useful when taking applications and help you sell more policies. One of our goals is to find ways to make it easier for our Producers to conduct business with Consumer Markets. As part of that effort, we are clarifying our underwriting guidelines for asthma and allergies, since it is not uncommon for children and adults to suffer from these ailments.

If you have specific questions, please use our preliminary underwriting opinion form at www.bcbsil.com/dmagents.

Allergies

- If present and treated with over the counter medication or injections, most Rx including inhalers and sprays — Accept
- History of, no longer present — Accept
- If presently or consistently treated with oral steroids — Decline

Asthma

All applicants

- Diagnosed within one year — Decline
- Hospitalized within 2 years — Decline
- Emergency room within 2 years — Decline
- Status Asthmaticus — Decline

Children up to age 6 are acceptable under the following circumstances:

- Well controlled
- Compliant with physician instructions
- One bronchodilator and/or one corticosteroid
- Regular use of nebulizer
- Six or fewer instances within the last 12 months that require additional treatment other than oral steroids
- Two or fewer instances within the last 12 months that require oral steroids

Children age 7 and older and adults are acceptable under the following circumstances:

Well controlled

- Compliant with physician instructions
- Non-tobacco user (*this is a critical distinction and must be taken into consideration*)
- Regular use of up to 2 inhaled bronchodilators
- Use of 1 steroid inhaler less than 4 times per day
- Occasional use of a nebulizer
- Three or fewer instances within the last 12 months that require oral steroids

PRODUCER UPDATE

Consumer Markets is committed to providing premier products and services to its members and ensuring that our Producers have superior sales and educational materials. If you have any questions, please contact your Blue Cross and Blue Shield Marketing Consultant or your General Agent.

Enc: Product Guide
Updated Application
Mini Supply Requisition Form