



**BlueCross BlueShield
of Illinois**

06/19/2009

Mr. Cust Omer
123 Lane Way
Chicago, IL 60601

Re: ABC COMPANY, INC.

Group number(s): 012345, B12345, D12345, P12345

Renewal Effective: 09/01/2009

Dear Mr. Omer:

Blue Cross and Blue Shield of Illinois (BCBSIL) would like to thank you for your business over the past year.

At this time, our underwriters have evaluated the 09/01/2009 renewal of the group insurance contract for ABC COMPANY, INC. As part of this review, we considered the general characteristics of the group including demographics and inflationary trends in health care. Please find attached the current and renewal monthly premium rates for ABC COMPANY, INC., which reflects the terms of the benefit program which has been chosen.

IMPORTANT NOTE:

Under federal law, it is the employer's responsibility to annually inform its insurer or third-party administrator of proper employee counts for the purpose of determining payment priority between Medicare and another insurer. In the absence of employer-provided employee counts, The Centers for Medicare & Medicaid Services (CMS) requires that the employer's group health plan coverage be considered **primary to Medicare**. BCBSIL assists our group insurance customers in complying with federal law as required by CMS. BCBSIL has agreed on an annual basis to gather, maintain and report information for individuals enrolled in your health plan who are also covered by Medicare.

Enclosed is an MSP Employer Acknowledgement form and an MSP employee form, which must be returned to us. The Employer Acknowledgement form (including EIN information) must be completed by an officer of the group each year, returned to and **received by BCBSIL no later than 90 days following the renewal date**. Any change required as a result of the information appearing on a form received within the period mentioned will be made effective with the renewal date.

Please note, if the Employer Acknowledgement form is not received by 90 days following the renewal date, any change required as a result of the information appearing on the form will be made effective on the **receipt date** of the form. The group health plan coverage will be considered primary to Medicare **retroactive to the renewal date** through the receipt date of the form. Premium adjustments may be required as a result of such retroactive change.

Thank you for your continued association with Blue Cross and Blue Shield of Illinois.

Sincerely,

John Smith
Account Executive
Att.



**BlueCross BlueShield
of Illinois**

Renewal Exhibit for ABC COMPANY, INC.

Group number(s): 012345, B12345, D12345, P12345

Renewal Effective: 09/01/2009

<u>Current Health Plan(s)</u>	Current Health Monthly Rates						<u>Total Health Premium</u>
	<u>Empl.</u>	<u>Empl. + Spouse</u>	<u>Empl. + Child(ren)</u>	<u>Family</u>	<u>Medicare Primary Empl.</u>	<u>Medicare Primary Family</u>	
BC SELECT PLAN 73433	\$393.74	\$803.04	\$733.00	\$1,142.29	\$245.64	\$491.28	\$0.00
Contracts	0	0	0	0	0	0	0
BLUEPRINT BAHMO PLAN H12	\$346.37	\$706.43	\$644.80	\$1,004.87	\$216.09	\$432.19	\$25,017.88
Contracts	23	9	1	10	0	0	43
BLUEPRINT PPO PLAN 73433	\$437.43	\$892.16	\$814.34	\$1,269.05	\$272.90	\$545.82	\$19,286.59
Contracts	9	4	2	8	0	0	23
Total Current Health Premium							\$44,304.47
Total Health Contracts							66

<u>Renewal Health Plan(s)</u>	Renewal Health Monthly Rates						<u>Total Health Premium</u>
	<u>Empl.</u>	<u>Empl. + Spouse</u>	<u>Empl. + Child(ren)</u>	<u>Family</u>	<u>Medicare Primary Empl.</u>	<u>Medicare Primary Family</u>	
BC SELECT PLAN 73433	\$445.69	\$869.50	\$814.78	\$1,238.59	\$251.37	\$502.74	\$0.00
Contracts	0	0	0	0	0	0	0
BLUEPRINT BAHMO PLAN H12	\$388.84	\$758.60	\$710.86	\$1,080.62	\$219.31	\$438.61	\$27,287.78
Contracts	23	9	1	10	0	0	43
BLUEPRINT PPO PLAN 73433	\$495.22	\$966.12	\$905.33	\$1,376.23	\$279.31	\$558.60	\$21,141.96
Contracts	9	4	2	8	0	0	23
Total Renewal Health Premium							\$48,429.74
Total Health Contracts							66

Health Renewal Premium Change Components	
a. Account/Benefit Program Adjustment (incl. Trend):	7.75%
b. Demographic Adjustment:	7.58%
c. Change in Risk and Compliance:	-5.69%
Total*:	9.32%

* The total health renewal premium change percentage is calculated by multiplying each of the components in the above table. This change percentage is based upon total monthly premium. Each tier's rate change may vary from the total change percentage.

Change Component Definitions

- a) Account/Benefit Program Adjustment (incl. Trend) includes group and benefit plan specific pricing changes due to factors such as medical cost trends, pool adjustments, plan, industry and geographical pricing, etc.
- b) Demographic Adjustment is the pricing change for age, gender, group size and dependent composition differences.
- c) Change in Risk and Compliance is the pricing change resulting from BCBSIL's analysis of medical conditions and experience and includes adjustments (if any) resulting from legislative rating compliance.



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Renewal Effective: 09/01/2009

Current Non-Health Monthly Rates				
<u>Current Non-Health Plan(s)</u>	<u>Empl.</u>	<u>Empl. + Spouse</u>	<u>Empl. + Child(ren)</u>	<u>Family</u>
BCARE FREE DHUF01	\$39.14	\$86.01	\$91.63	\$138.50
Contracts	20	8	1	13
BCARE HMO 730	\$20.60	\$39.65	\$43.05	\$64.95
Contracts	10	5	2	4
Basic Life and AD&D	\$0.38 per \$1,000 of benefit			

Renewal Non-Health Monthly Rates				
<u>Renewal Non-Health Plan(s)</u>	<u>Empl.</u>	<u>Empl. + Spouse</u>	<u>Empl. + Child(ren)</u>	<u>Family</u>
BCARE FREE DHUF01	\$42.72	\$92.54	\$98.58	\$148.40
Contracts	20	8	1	13
BCARE HMO 730	\$21.40	\$41.25	\$44.75	\$67.55
Contracts	10	5	2	4
Basic Life and AD&D	\$0.38 per \$1,000 of benefit			

Health and Non-Health Renewal Notes:

- The renewal offer is contingent upon BCBSIL being the exclusive insurance carrier for all medical coverages.
- The health and/or dental rates shown are guaranteed for twelve (12) months from the renewal effective date and have been priced in accordance with Health Care Service Corporation's (HCSC) current regulatory status and the existing benefit program.
- If the coverages shown above include Basic Life, AD&D, Dependent Life and/or Weekly Disability Income, the premium rates for these Fort Dearborn Life coverages will be guaranteed for **twenty-four (24)** months.
- Should coverage under one of the benefit programs be terminated or a significant change occurs in enrollment (20% or more), we reserve the right to adjust the monthly premium rates upon 30 days prior notice within the twelve month renewal period. We also reserve this right should future legislation or administrative rulings result in obligating HCSC to pay new taxes or other fees, or to modify a benefit or mandate a new benefit.
- Contracts shown represent enrollment as of four months prior to the renewal effective date.
- If Medicare rates are shown, those are only applicable for employees and dependents that have Medicare as their **primary** coverage. The actual billed premium rates where split Medicare contracts exist will differ from the rates appearing on this renewal exhibit and enclosed proposal depending on an individuals' primary/secondary coverages, active-at-work/retired status and the number of employees within the group.
- For Government Plans and Church Plans, HCSC's administration is based on the Benefit Plan not being subject to ERISA. For all other plans, HCSC's administration is based on the Benefit Plan being subject to ERISA. In the event you have determined that the above administration is not applicable to the Plan, please advise HCSC of your position in writing as soon as possible.
- This renewal offer assumes the contract will be issued in Illinois.

IMPORTANT RENEWAL INFORMATION

RENEWAL GUIDELINES (WITH OR WITHOUT A REQUESTED PLAN CHANGE)

If the benefit program is being renewed without any requested changes, we do **not** need a Benefit Program Application (BPA) or Benefit Plan Selection (BPS) form submitted.

The **BPA** should be used to note the group's eligibility requirements, premium period and employer contribution levels. The **BPS** form should be used for the group's health, dental and life product selections.

If a group makes a change to their eligibility provisions, but not to their benefit plan selections, the BPA can be submitted without a BPS form. If a group makes a change to their benefit plan selections, but not to their eligibility provisions, a BPS form can be submitted without a BPA. If a group makes changes to their eligibility provisions and benefit plan selections, both the BPA and BPS forms must be submitted.

If changes are being requested, either or both of these forms must be completely filled out and returned to our offices, along with any required employee enrollment applications, **15 days prior to the renewal date**. A BPA or a BPS form can be downloaded from our website at bcbsil.com or obtained by contacting us directly. In addition, all employees should be notified of the changes. If a benefit plan change is being requested, we will send updated benefit booklet certificate riders upon approval and final processing of the plan changes. The approved effective date will depend on the plan(s) selected and/or our receipt of the BPA or a BPS form. This requirement is to help ensure that we process your claims in a timely manner and as required by the revised Department of Labor/ERISA law. The delay in our receipt of the signed paperwork will result in our processing claims under the current plan design until the new paperwork has been processed. Employee applications will also be required if the current benefit program is a stand-alone PPO program and a dual choice program is now selected.

It is important to note that all open enrollment applications must be signed, dated, and received by BCBSIL prior to the open enrollment effective date. If the date on the application is after the open enrollment effective date, regardless of receipt date, the applicant may not enroll until the next annual open enrollment.

Please note that late enrollment for employees/dependents selecting HMO or PPO coverage will only be permitted at open enrollment.

It is understood that payment of the premium due under the policy constitutes acceptance of the terms of our renewal offer.

MEDICARE-ELIGIBLE HMO MEMBERS

To continue receiving health care benefits through an HMO of Blue Cross and Blue Shield of Illinois, HMO members *who are retired and who are eligible for Medicare* must be actively enrolled in both Medicare Part A and Part B. **Also, this includes HMO members who are active employees of groups with less than 20 employees where Medicare is the primary payer.** When your company's active members retire, please make sure that they provide proof both Medicare Part A and Part B coverage.

MENTAL HEALTH AND SUBSTANCE ABUSE TREATMENT

Effective as of the renewal date, mental health and substance abuse benefits will be modified to pay these services at the same benefit level as the predominant medical and surgical benefits provided by the benefit plan.

HSA PLAN CHANGES

Each year, the Treasury Department and Internal Revenue Service determine guidelines for maximum contribution levels and out-of-pocket spending limits (OPX) for high-deductible health plans that must be used in conjunction with Health Savings Accounts. For 2009, the minimum deductible amount will increase to \$1,150 for single coverage and \$2,300 for family coverage. Four of the BlueEdge HSA and BlueEdge Select HSA plans that now include a \$1,100 minimum deductible will be replaced by four new plan designs to match the new minimum deductible

amount. BCBSIL has decided to increase the OPX amounts on these BlueEdge HSA plans at the same time from \$2,000 to \$2,300 for single coverage and from \$4,000 to \$4,600 for family coverage.

In addition to ACS/Mellon, employer groups will now have an additional bank vendor option from which to choose. HSA Bank will offer the following integration capabilities to our customers:

- Integrated eligibility – online, electronic or paper options available
- Web services – access to account balance and transaction history on Blue Access for Members (BAM) via real time Web feed
- Web services – URL from *www.bcbsil.com* to bank site

CHANGE TO THE PRESCRIPTION DRUG BENEFIT PROGRAM

As part of our ongoing efforts to encourage safe, cost-effective medication use and help control pharmacy trends, BCBSIL is making the following changes effective upon your group's renewal.

Prior Authorization/Step Therapy Program

BCBSIL will be adding the prior authorization/step therapy program to all prescription drug benefit plans for 2-150 insured non-HMO business (**excluding BlueEdge HSA or HCA plan options**).

Prior Authorization (PA): Under this part of the program, a member's physician will be required to obtain authorization from BCBSIL in order for the member to receive coverage for certain medications and drug categories. In the event that PA is not obtained, the member will then be responsible for the first \$1,000, or 50 percent of the Eligible Charge (as explained in more detail in the benefit booklet), whichever is less.

The following drug categories are included in this part of the program. The drugs* listed below are examples of the medications in these categories. Other drugs in these categories may also be part of the program, and the complete list of included drugs may change from time to time.

- **Anabolic Steroids:** Anadrol, Oxandrin, Winstrol
- **Growth Hormones:** Genotropin, Gerif Diagnostic, Humatrope, Norditropin, Nutropin, Nutropin AQ, Saizen
- **Hepatitis C Medications:** Copegus, Peg-Intron, Pegasys
- **Oral Fentanyl:** Actiq, Fentora

Step Therapy (ST): Step therapy is a type of prior authorization. In order for a member to receive coverage for a drug included in this part of the program, the member must first have a prescription history for a "first line" medication before the benefit plan will cover a "second line" drug. After a member has a prescription history for a first line, lower-cost alternative medication, coverage will be provided for a more costly or less preferred second line medication included in the step therapy program, if the physician and member determine that it is necessary for the member to try a drug included in the program. If a member is taking a drug included in the program when it becomes part of your prescription drug plan, the member may not be impacted. The member should call the Pharmacy Program number on the back of his/her BCBSIL ID card to confirm whether coverage is available for a medication included in the step therapy program. If a member is newly prescribed a medication or has not filled a prescription for a medication included in the program for an extended period of time prior to the effective date of the program as part of your prescription drug plan, to receive coverage the member will be required to follow the step therapy program guidelines.

As an alternative to receiving prior authorization for a drug included in the ST part of the program, or paying the entire cost of the drug out-of-pocket, a member along with his/her physician may select another drug which is not part of the program.

Below are drug categories and specific medications* included in this part of the program.

Hypertension (High Blood Pressure)

- *Angiotensin Converting Enzyme (ACE) Inhibitors:* Aceon , Accupril, Accuretic, Altace, Capoten, Capozide, Lotensin, Lotensin HCT, Mavik, Monopril, Monopril HCT, Prinivil, Prinzide, Uniretic, Univasc, Vasoretic, Vasotec, Zestoretic, Zestril

- *Angiotensin Receptor Blockers (ARBs)*: Atacand, Atacand HCT, Avalide, Avapro, Benicar, Benicar HCT, Cozaar, Diovan, Diovan HCT, Hyzaar, Micardis, Micardis HCT, Teveten, Teveten HCT
- **Insomnia**: Ambien, Ambien CR, Lunesta, Rozerem, Sonata
- **Psoriasis**: Amevive, Enbrel, Raptiva
- **Rheumatoid Arthritis**: Enbrel, Humira, Kineret

Diabetic Supplies

BCBSIL will be making a change to how coverage is determined for diabetic supplies for all formulary-based prescription drug benefit plans. Diabetic supplies will be assigned a formulary status and benefits will be paid based on that status. Diabetic supplies include the following products:

- Blood glucose test strips
- Urine reagents
- Injectable glucagon
- Lancets
- Oral glucose tablets

AUTISM SPECTRUM DISORDERS

Illinois Public Act 95-1005, Autism Spectrum Disorders, becomes effective on an insured client's date of sale or first renewal following December 12, 2008. This law requires coverage for individuals under age 21 for the treatment of autism spectrum disorders. Coverage for eligible, medically necessary services is subject to a maximum benefit of \$36,000 per year per eligible member, in addition to benefits which may already be available under the policy. The law requires that early intervention services, including applied behavior analysis (ABA), be provided by a certified early intervention specialist, as defined by regulations in the Illinois Administrative Code.

The Illinois Division of Insurance provides authoritative information about PA 95-1005 in an "Illinois Insurance Facts" sheet, "Autism – Insurance Coverage", which can be found on their website at <http://www.idfpr.com/DOI/HealthInsurance/HealthInsurance.asp>.

CHANGE TO THE DENTAL HMO BILLING

If you have Medical, PPO Dental and HMO Dental, you are currently receiving one invoice for Medical and PPO Dental and a separate invoice for HMO Dental. As a part of our continuous efforts to provide our employer groups a convenient way to receive their monthly billing invoices as well as help control costs, upon your group's renewal you will start receiving a combined monthly invoice for your Medical, PPO Dental, **AND** HMO Dental benefits.

Under the new billing invoice format, employer groups will:

- Receive one monthly invoice instead of two
- Have a simpler way to audit their invoice
- Be able to submit one payment, saving on check issuance and postage costs

This new format will reduce waste while providing employer groups a more convenient avenue to submit payment to one location for these benefit plans.

Online payment is available by logging into Blue Access for Employers at www.bcbsil.com/employers.

BLUE CROSS FORMS AND MARKETING MATERIALS – HOW TO LOCATE THEM
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BLUE CROSS FORMS AVAILABLE ON-LINE

Blue Cross and Blue Shield of Illinois has made it possible for you to access our forms quickly and easily by posting them on-line. The following forms can be accessed by visiting the Blue Cross Website at www.bcbsil.com. You can access the forms through the employer and producer portals.

Enrollment Forms

- Benefit Program Application Form (BPA)
- Benefit Selection Form (BPS)
- Small Group Employee Application/Medical Questionnaire/Waiver of Coverage forms
- Spanish Directions for the Small Group Employee Application
- HCSC/FDL Disclosure Statement

Account Maintenance and Supply Forms

- BPA Change Form for Insured Group Accounts of 2-150 Lives
- Enrollment Change Request Form
- International Claim Form
- COBRA Election Form
- COBRA Notification Form
- Medicare Secondary Payer Information Form
- Medicare Secondary Payer Employer Acknowledgement Form
- Information Regarding the MSP Statute Form

LOOKING FOR A DOCTOR OR HOSPITAL?

The Blue Cross and Blue Shield of Illinois Provider Finder is designed to give a listing of providers from our networks considering your specific needs. You'll be able to search for providers in your area, or find a specific provider by name, as well as create and print a customized provider directory based on your search. You can also use Provider Finder to obtain maps and driving directions to providers convenient to your location. Go to www.bcbsil.com and click on the **Provider Finder**[®] tool.

OTHER FORMS AND MARKETING MATERIALS

For those forms and marketing materials that are not available on our Web site, you can contact the **Blue Cross and Blue Shield Group Answer Line toll-free Monday – Friday, 8:30am-4:30 pm at (866) 726-2767**. Staff is on hand to assist with supply orders, answer general questions about benefit plans or to advise on the status of new group or renewal submissions for all groups. If you call during non-business hours, you can leave a message and your call will be returned on the next business day, or you can e-mail the Group Answer Line anytime at newanswerline@bcbsil.com.

Forms and Materials Available through the Blue Cross Group Answer Line:

Understanding Rising Healthcare Costs Flyer	PPO Hospital Network Listing
Home Delivery Prescription Drug Coverage Information	Vision Care Discount Program Information Guide
“Did You Know” Flyer (HMO Promotional Material)	Vision Care Q&A Flyer
Online Capabilities Brochure	Benefit Highlight Sheets
BA HMO Network Updates	Broker Kits

DENTAL FORMS

BlueCare Dental forms can be found on-line at www.bcbsil.com.

FORT DEARBORN LIFE INSURANCE COMPANY FORMS

You can find downloadable forms and product information at www.fdl-life.com.

Your Group Benefits Resource

Group Benefits | Voluntary Group Benefits | Value-Added Products & Services

Through Fort Dearborn Life Insurance Company, we offer products designed to improve the quality of your employee benefit programs while minimizing your benefit costs. Fort Dearborn Life offers a vast array of insurance products to meet employers' and employees' needs for financial security that extend beyond a health insurance plan.

Fort Dearborn Life's product portfolio includes:

Group Benefits Insurance Products

- Term Life, Supplemental Life, Accidental Death & Dismemberment, and Dependent Life Insurance
- Short- and Long-Term Disability Insurance

Voluntary Group Products

- Voluntary Term Life, Accidental Death & Dismemberment (AD&D) and Dependent Life Insurance
- Voluntary Short-and Long-Term Disability Insurance
- Voluntary Dental Insurance
- Critical Illness

Value-Added Products and Services

- GuidanceResources[®] Online
- Employee Assistance Program

Visit Fort Dearborn Life online at fdl-life.com!

Product availability/features may vary.

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Fort Dearborn Life is rated "A" (Excellent) by A.M. Best for financial strength, operating performance and market profile in their current report. Fort Dearborn Life is licensed in 49 states (except New York), the District of Columbia and both the U.S. and British Virgin Islands.



FORT DEARBORN LIFE
Insurance Company
Chicago, Illinois

A Member of The Preferred Financial Group