

# BLUEPRINT



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## Union leaders headline the 2007 Mackinac Policy Conference



Blues President and CEO Daniel J. Loepp (right) with Ron Gettelfinger, president, International Union, UAW, and Dennis Archer (left), chair of the Detroit Regional Chamber board of directors, at the Mackinac Policy Conference

The United Auto Workers and the International Brotherhood of Teamsters unions, like the Blues, have a strong presence in Michigan and are committed to economic prosperity through the region and the state.

So, when BCBSM President and CEO Daniel J. Loepp served as chair of the Detroit Regional Chamber's annual Mackinac Policy Conference on Mackinac Island, he felt it was important that organized labor leaders play a major role. And, for the first time in the conference's 27-year history, two senior leaders of organized labor were featured as keynote speakers. The conference took place over a three-day period from May 30 to June 1.

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## Blues' new wellness PPO product debuts in the marketplace

When you negotiate health care benefits on behalf of your union members, costs are among the most important factors. That's why the Blues want you to know about our newest product, Healthy Blue Incentives<sup>SM</sup>, scheduled to hit the marketplace in July 2007 with an October 1, 2007, effective date.

Healthy Blue Incentives is a wellness PPO product designed to reward, with lower out-of-pocket costs, members who adopt healthier lifestyles.

And here's another bargaining tool: Healthy members, over time, tend to have lower overall benefit costs. Since this new participation-based product also saves costs for employers, it's a win-win for everyone.

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## Pharmacy services enhancements expected to save \$70 million in the first year

A common goal between the Blues and our union partners is to ensure quality health care at the lowest possible cost to both union members and our group customers.

To help control rising prescription drug costs that affect everyone, the Blues have implemented several enhancements to our pharmacy plans. These initiatives are projected to save members and groups more than \$70 million in the first year and more than \$235 million in the first three years — something to consider when negotiating pharmacy benefits for your union members.

And these initiatives go beyond cost savings. These enhancements are in alignment with the Blues' strategy to provide the highest therapeutic value at the lowest possible cost to customers and members while enhancing quality of care.

"Customers want a pharmacy benefit that is well-administered and clinically sound, one that really takes into account the needs of their members," said Kevin Seitz, executive vice president of Health Care Value Enhancement for BCBSM. "The end result of these enhancements to our pharmacy product is simplified administration that allows our customers to focus more on benefits and less on pharmacy management."

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Ron Gettelfinger, president, International Union, UAW, and James P. Hoffa, general president, International Brotherhood of Teamsters, delivered speeches on the opening night of the conference to a multitude of influential business and political leaders from across the state.

"When leaders from business and labor come together, we often find we have more in common than we realize," Gettelfinger said, according to BNA, a Washington D.C.-based publication for business and government professionals. "You don't have to be anti-employer to be pro-union. We have no interest in tearing down employers— just the opposite."

Both speeches centered on important topics such as trade and health care issues and the role of organized labor in working collaboratively with business leaders. The common goal of both speeches was focused on enhancing the success of American enterprise and improving the lives of workers, both in the United States and abroad.

"We felt strongly that the ability to deliver the perspective of labor from the podium would truly add value to this conference," Loepp said. "This is

something the chamber recognized, and we worked very hard to make it happen. As we move forward with creative approaches to grow our region's competitiveness, we must seek the point of view of the workers who make us competitive."

The Blues think of organized labor as partners, particularly since the UAW International Union and UAW local unions represent more than 40 percent of our workforce.

Loepp, who said he was honored to serve as chair of the 2007 business and public policy conference, will be appointed chair of the chamber's board of directors in July.

"The Blues partnership with the Detroit Regional Chamber is very important," Loepp said. "Not only is the chamber our eighth-largest group customer, but the organization is a major force in efforts to improve the economic competitiveness of Southeast Michigan and the state as a whole. The Blues are at the table, and directly involved in helping to grow our state's economy, and one of the ways we're doing that is through our partnership with the Detroit Chamber."

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“The Michigan Blues are committed to leading our industry by launching innovative products that meet customer needs,” said Daniel J. Loepp, Blue Cross Blue Shield of Michigan president and CEO. “Our customers asked for a wellness product in the PPO market and we are delivering. Healthy Blue Incentives aligns with the proposition that if employees take better care of their health, businesses ultimately will be more productive and pay less in health care coverage. These are our goals: healthier members and lower costs for our customers.”

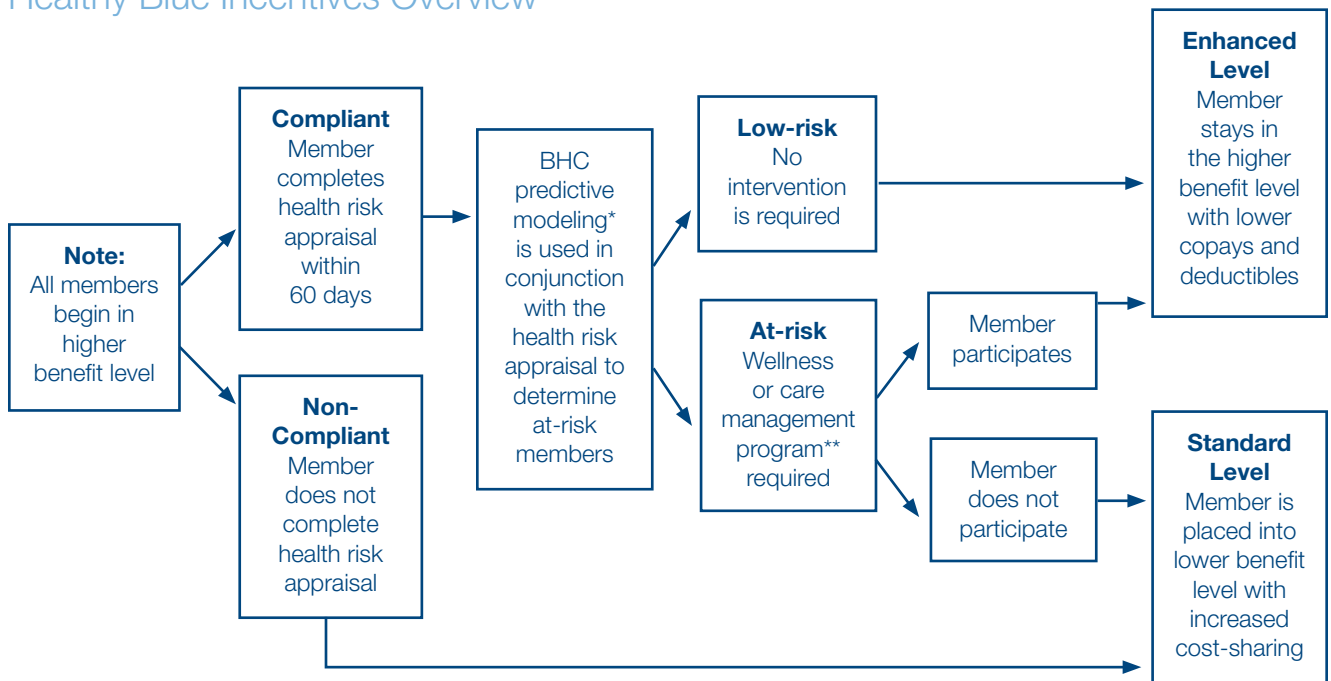
Healthy Blue Incentives will initially be available for self-funded groups with 50 or more employees. Insured groups will be able to purchase this new product in 2008.

Healthy Blue Incentives is the second Blues wellness product of this magnitude. Last October, Blue Care Network launched Healthy Blue Living<sup>SM</sup>, an HMO wellness product, into the marketplace. Since then, we’ve enrolled more than 18,500 members from 190 groups in Healthy Blue Living, which also rewards members for participation in wellness activities.

Here’s how Healthy Blue Incentives works:

There are two benefit levels: enhanced and standard. All members enrolled in Healthy Blue Incentives automatically receive the enhanced level of benefits. The enhanced benefit level continues to offer lower copayments and deductibles for those members who participate in designated wellness and disease management interventions.

## Healthy Blue Incentives Overview



\* BlueHealthConnection<sup>®</sup> predictive modeling is based on BCBSM medical and prescription drug claims analysis. It is used in conjunction with the health risk appraisal to determine if a member is at risk for serious and costly illness. The member must have at least six months of BCBSM claims to be eligible for predictive modeling.

\*\* BHC will make outreach calls to members for disease and wellness intervention. It will provide health coaching and educational materials for at-risk members.

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## Blues provide more provider access for union members

The BCBSM list of participating providers just got a little larger.

The Blues announced earlier this year that, effective March 1, 2007, Michigan state, county and municipal health departments that meet program requirements may participate with BCBSM to receive payment for covered services provided to members in health department clinics. Previously, such services were not covered.

Covered services are payable only when performed at the health department or at community outreach clinics run by the local health department and operated under protocol with a physician supervisor

available by phone. The Blues encourage members to check with their local health department before they seek services to confirm the location is a BCBSM participating provider.

**Note:** *Participating Blues providers submit claims directly to BCBSM and collect only required plan copays and deductibles from members.*

BCBSM will not make payments retroactively to the program's effective date of March 1, 2007. Medicare rules will continue to apply to Medicare patients. This program does not apply to auto or auto-pattern group members.

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### HBI members have access to wellness support resources

Members enrolled in Healthy Blue Incentives have access to BlueHealthConnection® wellness and care management programs.

"The Blues have programs and resources at the ready to help members stay well and manage chronic conditions as they work with their physicians. Healthy Blue Incentives showcases how members can connect to these programs," said Kenneth R. Dallafior, Blues senior vice president of Group Sales and Corporate Marketing.

BlueHealthConnection includes resources to help members stay healthy and programs for smoking cessation or living with chronic conditions. Online resources that help members stay healthy include tools to create meal plans; recipe ideas; and calculators for body mass index, calories burned and target heart rate. An audio and online library offers information on thousands of health topics.

### Healthy Blue Incentives can save money

Decreased absenteeism and increased productivity are factors that could yield increased savings for employers. Employers also play an important role in

support of their workers' decisions to adopt healthier lifestyles. Businesses and organizations enrolled in Healthy Blue Incentives are encouraged to offer a smoke-free work environment, encourage physical activity at work and offer healthy food choices in vending machines and cafeterias.

"Here, we are using a system that promotes member participation, improves the health status of individuals, helps businesses and members save money and stimulates long-term claims savings," said Don Whitford, BCBSM director of Product Development and Management.

While members reap the benefits of a healthier, happier lifestyle, businesses also enjoy administrative simplicity.

"It's all about health and wellness," Whitford said. "It really shows that businesses and organizations really care about their workforce, so they are putting in a benefit plan that promotes living a healthier lifestyle with rewards for doing so."

Please contact your Market Relations representative if you'd like help offering this new plan during your upcoming negotiations.

**PHARMACY continued from page 2**

In an effort to give our customers time to communicate these enhancements to their employees, the Blues will debut the initiatives in September 2007 instead of the originally planned date of July 2007.

Here's a closer look at these new pharmacy enhancements:

**Member Education Therapeutic Interchange —**

A member-directed initiative that educates members about generic drugs and over-the-counter equivalents of expensive brand-name drugs.

Potential value and impact to members:

- Lower out-of-pocket copays for members.
- Reduced benefit costs for groups.
- Members learn about generics and over-the-counter alternatives to expensive brand-name drugs.
- If the member switches, the first prescription is free because we waive the copay.
- The first time a member fills a prescription for a target drug, we will communicate with both the member and physician, encouraging the member to switch to an OTC or generic alternative.
- The member can continue receiving the higher-priced brand drug for up to 90 days.
- After 90 days, the member's physician must provide evidence of medical necessity for the brand-name drug to be covered. Otherwise, the member pays the full cost of the brand-name drug.

**Dose Optimization —** A physician-directed initiative that encourages a dosing regimen of once per day instead of smaller doses taken multiple times throughout the day.

Potential value and impact to members:

- Improved patient compliance leading to better medical outcomes.
- Reduced benefit costs to groups.

- The first time a member has a prescription filled for a target drug, we will communicate with the member's physician, encouraging the physician to switch the member to a once-daily dosage of the same drug.

**Brand to Alternate Generic Interchange —**

A physician-directed initiative that encourages the replacement of brand name drugs with less-costly generic alternatives.

Value and impact to members:

- Lower out-of-pocket copays for members.
- Reduced benefit costs for groups.
- Members learn about generic alternatives to more expensive brand-name drugs.
- This is a voluntary initiative where members do not have to have medical necessity to remain on the brand-name drug and can choose to switch back to the brand name drug at any time.
- The first time a member has a prescription filled for a target drug, we will communicate with the member's physician, encouraging the physician to switch the member to a less-costly generic alternative.
- We send a letter to the member only if the physician agrees to change the prescription.

**Generic Copay Waiver —** A copay waiver offered when a member switches to the generic equivalent of a multi-source brand drug or single-source brand drug. This program includes brand-name medicines that have a generic equivalent already in the market and others that have no generic equivalent but have a counterpart with a generic equivalent.

Potential value and impact to members:

- Lower out-of-pocket copays for members.
- Members learn about alternative generics to expensive brand-name drugs.
- Reduced benefit costs for groups.

## PHARMACY continued from page 5

- The first time a member has a prescription filled for a target drug, we will send a letter to encourage the member to have a discussion with a physician regarding a switch to a generic alternative.
- If a member switches, the first prescription is free because we waive the copay.

### **Brand-to-Brand Therapeutic Interchange —**

A physician-directed initiative designed to encourage the exchange of targeted high-cost drugs to lower-cost branded drugs equal in strength and efficiency.

Potential value and impact to members:

- Members educated about equivalent lower-cost brand drugs.
- Reduced benefit costs for groups.
- Lower out-of-pocket costs for members with percent copays or triple-tier benefit designs.
- The first time a member has a prescription filled for a target drug, we will communicate with the member's physician, encouraging the physician to switch the member to a less-costly brand within the therapeutic class.
- We send a letter to the member only if the physician agrees to change the prescription.

**Quantity Limits for selected drugs —** Initiative that aligns the dispensing of targeted drugs in quantities consistent with FDA-approved labeling or published clinical criteria for the drugs.

Potential value and impact to members:

- Ensures patient is using medication appropriately.
- Reinforces appropriate use and recommended guidelines.
- When the member goes to have the prescription filled, it will be filled only up to the quantity limit.
- For quantities greater than the quantity limit, the member must have medical necessity.
- If there is no medical necessity, we cover the prescription up to the quantity limit, and the patient is responsible for the cost of the additional drug quantities.

**Exclusion of Off-Label Coverage —** Initiative that requires medical necessity for drugs prescribed for uses other than those approved by the FDA. This initiative targets drugs that are prescribed for uses for which they are not intended, such as growth hormone drugs prescribed for anti-aging purposes.

Potential value and impact to members:

- Ensures patient is using medication appropriately and safely.
- Reinforces appropriate use and recommended FDA guidelines.
- Benefit cost saving to groups.
- If the prescription is for a purpose other than what is recommended by the FDA or published clinical criteria, the member will be responsible for the cost of the prescription.

**Enhanced Polypharmacy Outreach and High-Utilization Management —** A physician-directed initiative to identify and monitor potential misuses and excessive use of prescription drugs.

Potential value and impact to members:

- Helps alert a member's physician to potentially harmful situations.
- Prevents adverse drug reactions by alerting a patient's physician of dangerous situations.
- This quality initiative will be transparent to the member unless his or her physician recommends a change.

### **Expanding Aggressive Maximum Allowable Cost —**

An initiative that expands BCBSM's MAC list and provides even deeper MAC discounts.

Potential value and impact to members:

- Benefit cost saving to groups.
- This is transparent to members except if they choose a brand name drug. In that case, the member would be responsible for the difference between the MAC drug cost and the brand-name drug.

## Learn more about Blues products and resources at labor leader seminars

In the last issue, we told you about a series of statewide labor training seminars scheduled to take place throughout 2007. These short tutorials are designed to keep you informed about the Blues and some of our newly formed initiatives, products and approaches to creating a healthier Michigan. We have since added more seminar dates, and we'd like to invite you to attend one of the educational seminars for labor. Our hope is that you find this information useful when entering negotiations for your group. The dates and locations are as follows:

Date	Location	Time
Aug. 7	<b>Traverse City/ Gaylord</b> Holiday Inn Express of Gaylord 1201 W Main St Gaylord, MI 49735	10 a.m. – 3 p.m.
Aug. 21	<b>Lansing</b> BCBSM 1403 S. Creyts Road Lansing, MI 48917	8:30 a.m. – 1 p.m.
Sept. 27	<b>Metro Detroit</b> Hilton Detroit – Troy 5500 Crooks Road Troy, MI 48098	8:30 a.m. – 1 p.m.
Oct. 19	<b>Upper Peninsula</b> Holiday Inn of Marquette 1951 U.S. Highway 41 W Marquette, MI 49855	1 – 4 p.m.

Date	Location	Time
Oct. 25	<b>Lyon Meadows</b> BCBSM Lyons Meadows Conference Center Argyll Room 53200 Grand River Ave. New Hudson, MI 48165	8:30 a.m. – 1 p.m.
Nov. 8	<b>Grand Rapids</b> Location: TBD*	8:30 a.m. – 1 p.m.

\* The location for the Nov. 8 seminar in Grand Rapids is yet to be determined.

Seminars will feature information about:

- Wellness products
- Medicare products
- Dental, vision and prescription drug options
- LifeSecure™
- BCN's Healthy Blue Living<sup>SM</sup>
- Individual products

Early registration is important because space is limited to 30 participants at each session.

For more information, please contact Tracy Parks, secretary of Market Relations, at 517-322-4274.



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