



of Tennessee

BlueCross BlueShield of Tennessee
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BlueCross BlueShield of Tennessee Initial Reaction to Passing of Health Care Reform Bill

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Situation Review

After the Senate's Health Care Reform bill was passed by the House of Representatives on March 21, 2010, the health insurance and health care industries are faced with many questions about how the bill may change the way we conduct business.

We Are Focused on the Future

BlueCross BlueShield of Tennessee has been preparing for and modeling the implications of health care reform since President Obama first introduced the effort.

- Over the past two years, key leaders have been meeting to assess and model the different scenarios that could play out through health reform legislation.
- We have worked with other industry leaders to adapt this modeling to our various lines of business and market segments and developed plans. We are prepared to act when the final details of health reform legislation are known.

Impact to Our Stakeholders

It is our understanding that the prescribed changes apply to all health plans and plans governed by ERISA; however the timing may differ. We strongly encourage ERISA plan administrators to engage counsel to determine the necessary steps and timelines required to be fully compliant. Considering that many provisions in the Senate bill will be amended in the upcoming Reconciliation bill, we are currently most interested in the key provisions that may have an immediate impact on the way in which we operate and serve our stakeholders.

Some of the key provisions we are monitoring closely – all expected to go into effect immediately to six (6) months from enactment – are:

- Eliminating pre-existing condition exclusions for individuals under age 19
- Reducing pre-existing waiting periods and look-back provisions
- Prohibiting lifetime and annual dollar limits on benefits paid
- Including full coverage of preventive health services with no cost-sharing to members
- Expanding dependent coverage to include coverage until dependent is 26 years old
- Adding consumer transparency and disclosure requirements applicable to Exchange-participating plans (e.g., claim payment policies, rating practices, cost-sharing, etc.)
- Establishing ceilings for Medical Loss Ratios by market segment
- Providing multiple patient protections based on choice of providers

Next Steps

As our commitment to you, we will continue to keep you informed as we evaluate our business practices and adapt them as necessary based on final passage. BlueCross BlueShield of Tennessee will remain focused on providing peace of mind to our members, providers and customers by offering high-quality, affordable health benefit plans.