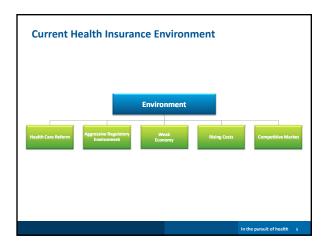




Our Vision: Comprehensive health care reform that reduces cost, provides universal coverage and improves the quality of care, including: Mandates Changes to health care delivery system Illness model to wellness model Evidence-based medicine Incentives for a healthier population, personal responsibility Our Actions: Comply with new regulations, deliver new products to market Respond to new business opportunities created by reform, e.g., uninsured Be a trusted resource for answers and solutions

BCBSF Vision of Reform Increased access to coverage Drive down costs Malpractice reform Changes to health care delivery system Expanded safety net Incentives for a healthier population Personal responsibility





Child-only Policies

1. Guaranteed Issue as of 9/23/2010

- No waiting period
- Potential surge in adverse selection
- Incentive for parents to wait to buy coverage until their children are sick

2. Florida market dynamic

- Providers stopped selling child-only policies in Florida
- Federal Pre-existing Condition Insurance Plan (PCIP.gov) available for eligible children with pre-existing conditions who have been uninsured for at least six months

Unreasonable Rate Increase Disclosure

1. Increases of 10 Percent or More "Subject to Review"

- Potential exposure of insurer rate-filing documentation HHS determines whether documentation is "confidential" under the Freedom of Information Act (FOIA) without gaining insurer input
- Public display of "unreasonableness" determination on both HHS and insurer Websites

2. State v. Federal Review

- Florida's rate review priorities are solvency and the reasonablen of benefits in relation to premiums, based on actuarial expertise
- If Florida's rate review process is deemed "ineffective," HHS will review the rates that are "subject to review"
- Federal rate review prioritizes consumer understanding and uses an insurer's surplus as a factor

Implementing Benefit Mandates

1. March 23, 2010 Changes

- Grandfather status
 Removal/modification of annual limits
- Removal of lifetime limits

2. September 23, 2010 Changes

- Overage dependents Prohibition of pre-ex exclusions for children under 19 Prohibition of rescissions
- Emergency services Preventive services
- Appeals process modifications

3. 2014 Changes

- Guaranteed issue Prohibition of pre-ex exclusions Essential Health Benefits Package

2014 Rating Changes

Transition to new rating structures for currently insured population will be difficult for some

- Unisex rating
- 3:1 age band rating
- 1.5:1 tobacco use rating
- Single risk pools in individual and small group markets
- Prohibition of pre-ex exclusions and rating based on health condition
- Guaranteed availability of coverage
- · Guaranteed renewal of coverage

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Lack of Focus on Cost

- 1. Little in legislation addresses rising cost
- 2. 2014 rating changes
- 3. Benefit mandates
 - Impacts on affordability
- 4. Accountable Care Organizations (ACOs)
- 5. Study on Medical Professional Liability

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Risk Programs

- Risk adjustment for Individual and Small Group markets
 - Transfers money from low risk carriers to high risk carriers
 - How exactly will this program work?
 - How appropriately will the risk scores compensate for risk
 - Risk score for new members
- 2. Temporary Individual Market Reinsurance program
 - Critical to early-year post-2014/exchange market
- 3. Temporary Risk Corridors

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Exchanges, Subsidies and Defunding

- 1. Importance of subsidies on affordability
 - Up to 400 percent of FPL eligible for subsidies
- 2. Individual mandate
 - Critical in enabling guaranteed issue
- 3. Employer mandate
 - Repeal of employer vouchers
- 4. Potential Challenges
 - Ongoing defunding efforts
 - Ability to rate for risk
 - Adverse selection

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MLR Rebate and U65 Waiver

- 1. Florida's request to postpone IU65 MLR applicability until 2014
 - May cause carriers to leave market
 - Hampers agent involvement, harming consumers
- 2. Challenges around MLR Rebate
 - MLR calculation and thresholds
 - Rebate payment issues
 - Reporting deadline of June 1
 - Payment deadline of Aug 1

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