

UNICARE_{exchange}

A periodic publication for our UNICARE customers



NEW

Mail Order Pharmacy

WellPoint has signed a definitive agreement to purchase a large mail-order pharmacy fulfillment facility from Rx America. This facility—which will be called Precision Rx—is located in Fort Worth, TX, and currently fills approximately 1.6 million mail-order prescriptions per year.

This means that, as a UNICARE customer, your pharmacy members can soon take advantage of our in-house resource in the future.

Notes Michael Nameth, general manager of WellPoint Pharmacy Management, "Because of this acquisition, we can further increase our efficiencies and offer 'one-stop-shopping' to our clients."

"In these days of dramatic increases in pharmacy costs, our ability to process and purchase prescriptions in-house through PrecisionRx will help us to control costs for our client base."

We will send you more information in the coming year.



ISSUE 8

WellPoint Gains Strong Foothold in Southeast with Cerulean Merger Agreement

WellPoint Health Network, Inc.—parent company of UNICARE, and Cerulean Companies, Inc.—parent of Blue Cross and Blue Shield of Georgia, have entered into a merger agreement that will expand our products and services to our customers in the southeast.

WellPoint and Cerulean agreed originally to merge in July 1998. Under that merger agreement, WellPoint agreed to provide cash and stock consideration valued at about \$500 million. A revised agreement puts the amount at about \$700 million.

According to the terms of the agreement, Cerulean will become a WellPoint subsidiary. Cerulean's 1.8 members will remain Cerulean members, as will the company's HMO, PPO and POS plans.

The transaction is expected to close in early 2001, after the customary hearings and regulatory approvals.

The enhanced value of the transaction also is expected to significantly increase the endowment for the new Healthcare Georgia Foundation whose purpose is to improve healthcare for all Georgians.

"We are pleased that WellPoint and Cerulean can move forward and build on the success of Cerulean management and associates," said Leonard D. Schaeffer, chief executive officer of WellPoint Health Networks. "These are two outstanding organizations that together will provide products that offer exceptional choice and quality for Georgia consumers."

"Cerulean and WellPoint have worked hard over the last two years to prepare for a successful partnership," said Schaeffer. "Together we will build on our extensive planning efforts to realize the excellent growth prospects for Cerulean in Georgia."

Happy New Year!

2001

Check out UNICAREExchange online at www.unicare.com

Better Vision Through VSP

Through a unique marketing arrangement with Vision Service Plan (VSP), UNICARE clients may now offer comprehensive VSP vision plans to their members at preferred rates.

Under this new arrangement, UNICARE clients may purchase VSP through a UNICARE sales representative. The client, however, maintains a direct contract with VSP, and VSP provides all administration.

Notes Cynthia L. Paralta, regional vice president, New England Region, "Because of its wide network and strong reputation for quality

customer service, VSP can only enhance the benefits programs UNICARE provides its clients."



VSP includes a national vision network comprising some 24,000 physicians and optometrists. The plan offers full coverage for periodic vision exams and other professional services.

Under VSP, standard eye examinations are covered at 100% when members use VSP providers. The plan also covers eyeglass lenses and frames or contact lenses.

Please call your UNICARE Sales Representative for more information.



UNICARE has a Star-View and it's available to our clients!

Star-View is UNICARE's dynamic Windows database of financial, eligibility and plan performance information designed specifically to allow Benefit Managers to customize their data in order to measure and monitor their plan performance. The tool also provides data about paid claims, utilization and population on various screens that allows the user to view even the lowest level of claims data.

While Star-View has been in use by some clients for a while, it is an option for all UNICARE clients who use the Unistar (formerly Hanstar) claims payment system for claims processing.

Star-View was developed by UNICARE's Client Reporting Services (CRS) unit in the Charlestown office, and is one of our company's most valued programs. Based on an intuitive interface, it allows clients using just a few clicks of the mouse, to use their own claims data, sorted as they choose, to manage their plans and to plan for the future, essential tools in the healthcare marketplace today.



Star-View offers employers:

- ☆ Immediate access to their claims data via their desktops
- ☆ The ability to quickly and easily export data into any spreadsheet software to create their own data manipulations
- ☆ Monthly delivery of time-sensitive data



HEALTHYCHECK

Puts Members In Charge Of Their Health

UNICARE recently launched HealthyCheck, a program that offers our members affordable preventive care screenings to evaluate an array of health risks. HealthyCheck is up and running as a pilot program in Plano and the Houston area in Texas and will expand to include all of Texas in 2001. Eventually, UNICARE will expand the program nationwide.

HealthyCheck gives members two levels of screening that provide detailed health status reports and educational materials to help them achieve and maintain a healthy life. HealthyCheck also gives members a summary of their results and forwards a copy to their physician.

Screenings take about 30-45 minutes, yield immediate results and are available for \$20 or \$60, depending on the member's selection. The \$20 screening evaluates blood pressure, body mass index, pulse and resting heart rate, and heart, lungs, thyroid and abdomen. This option also gives skin cancer education, tetanus-diphtheria booster shots and flu shots in season, and a fingerstick screen for cholesterol and glucose as well as instructions for monthly self-exams.

The \$60 screening includes all of the above plus an evaluation of HDL (good) and LDL (bad) cholesterol, triglycerides, urinalysis, flexibility, body composition, vision, posture and a colorectal cancer screen.

Both options provide a three-month cholesterol re-evaluation and a discount on a home blood pressure test.

UNICARE understands the importance of keeping our members healthy and informed. We will send along more information on HealthyCheck as it becomes available in each area.

Star View organizes data into four general categories. Each screen has a multitude of drop-down screens that allows users to view their data in an almost limitless range of ways. These include but are not limited to monthly population totals for employees and dependents, eligibility and claims paid per family member, claims paid and hospital stays.

A project is underway that, when complete, will provide more data elements and other enhancements so that clients may access and view their data even more efficiently. At that time, Star-View will also be available to all clients beneath the WellPoint Health Networks umbrella. We will release more detailed information then describing the various aspects of Star-View and its most up-to-date enhancements. Star-View represents of UNICARE's commitment to excellence in client services.

For more information about Star View or for a CD that gives an overview of the types of data and the functions of Star-View, please get in touch with Michael Angiulo by e-mail or at 617-580-2360.

SPOTLIGHT

ON FLEXIBLE SPENDING ACCOUNTS

An Attractive Benefit for You and Your Employees

UNICARE is committed to offering a wide range of high-quality consumer-friendly benefit programs to employers and employees. One such program is our Flexible Spending Accounts (FSA).

An FSA allows clients to enhance their benefit program at minimal cost and give their employees the ability to pay eligible out-of-pocket medical expenses and dependent day-care expenses using pre-tax dollars.

UNICARE offers FSA services to policyholders of all sizes, according to Dave Tranter, Director of Flexible Benefits and COBRA Administration at UNICARE. "Some of our customers use FSAs on a stand-alone basis," he says, "while others use the accounts as a first step towards a full flexible benefits program."

Regardless of the size of the company, employees are interested in FSAs for the same reasons:

- **Diversity of needs in the workplace** – Today's workforce has a variety of needs, often greater than most employers can meet. FSAs allow employers to expand the types of benefits offered without the costs of implementing formal benefit programs.
- **Increasing deductibles and copayments** – Employees are more willing to accept the "risk" to their budgets of higher deductibles and copayments when they have a pre-tax fund to draw from for rising costs.
- **Tax advantages** – Employees who deposit pre-tax dollars in an FSA lower their taxable income. In addition to saving on federal, and most state and local taxes, both employees and employers save nearly eight cents on Social Security taxes for every dollar placed in an FSA.

UNICARE's FSA services include full administrative support—from development of enrollment materials, to claim processing, customer service via a toll-free number, and development of management reports. "We try to make the process simple for employers to manage," adds Tranter.

UNICARE keeps track of changes in state and federal tax laws with respect to FSAs. As a result our FSA administration program can take immediate advantage of the most up-to-date tax codes.

Our communications support includes:

- an enrollment kit explaining the FSA and describing IRS regulations and filing alternatives in an easy-to-understand manner,
- benefit descriptions,
- eligibility and participation requirements,
- a guide to estimating how much to contribute, and
- an enrollment form with clear instructions.

Another advantage that UNICARE offers our customers the ability to automatically reimburse FSA participants for out-of-pocket expenses that may not be covered by the underlying medical and/or dental plan. "The entire process is automated," says Tranter, "so that our FSA participants aren't required to submit a separate claim form to the Flex Department for reimbursement." And he points out that, "This automated process is now being expanded to include prescription drug claims as well." Future initiatives will include the ability to offer Internet access so that participants can review their FSA claim status online.

To learn more about UNICARE's FSA administration, call a UNICARE sales representative or Dave Tranter at 413-858-5260.



Interested? Ask your UNICARE representative for our Flexible Spending Accounts brochure.



from the desk of
Amy W. Krause

*Health Policy Manager
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UPDATE

ON WASHINGTON

As we go to press, it is more than three weeks after the election, which is still undecided. As a result, most major health policy initiatives remain unsettled. It was widely assumed that with the Presidency and U.S. House of Representatives and Senate up for grabs, Congress would conclude its work in time to campaign. Contrary to predictions, however, Congress failed to decamp until November 3rd and scheduled a lame duck session to finish spending bills and other outstanding business. Medicare reform, the patients' bill of rights (PBOR) and tax treatment of health coverage all remain on the table for debate, but the unsettled election means they likely will be put off until next year.

MANAGED CARE REFORM

Fundamental disagreements exist over how to hold managed care organizations accountable for healthcare stalled a patients' bill of rights in the 106th Congress. A Senate-House conference committee failed to reconcile House- and Senate-passed bills. In an effort to keep the issue alive, Reps. Charlie Norwood (R-GA) and John Dingell (D-MI) introduced another version of their bill, which would establish both federal and state causes of action with unlimited compensatory and punitive damages, but which would not shield employers from liability. In addition, Reps. Tom Coburn (R-OK) and John Shadegg (R-AZ), sponsors of an alternative patients' bill of rights that failed on the House floor last year, in late October offered another compromise on liability, which includes limits on non-economic and punitive damages.

Most observers believe it is too late to reach a compromise this year. So while these and other members of Congress will continue to search for compromise on patients' rights, the Clinton Administration has set out to accomplish reform without congressional action. Thus, just before Thanksgiving, the Department of Labor (DOL) issued final regulations governing benefit claims under the Employee Retirement Income Security Act of 1974 (ERISA). The DOL regulations change the timeframes and procedures for claims reviews and appeals for the health plans of 130 million Americans.

MEDICARE REFORM

The most prominent Medicare issue of 2000, making a prescription drug benefit available to beneficiaries, will not be decided this year. Members are instead focusing on restoring Medicare funding to hospitals, home health agencies, and other Medicare providers as well as Medicare+Choice plans. The House of Representatives has passed such a give-back bill, linked with a tax and minimum wage bill. Critics of the bill assert that the funding increases are insufficient and the White House

has complained about increased payments to Medicare+Choice plans in the absence of a patients' bill of rights. The White House has threatened to veto the bill, but pressure is growing to move the "give-backs" separately from the tax bill during the lame-duck session.

TAX TREATMENT OF HEALTH COVERAGE

The tax bill attached to the Medicare give-backs bill includes an extension of the medical savings account pilot project for two more years. The accounts' demonstration project expires December 31. The tax bill also allows for 100% tax deduction of health insurance costs for the self-employed. In addition, it provides a deduction for health and long-term care insurance premiums for individuals paying more than 50% of their premiums. The tax bill is unlikely to move during the lame duck session.

PROVIDER COLLECTIVE BARGAINING

Another hotly contested issue this year was an exemption from antitrust law for independent physicians who bargain collectively with health plans. After introduction of bills in the U.S. Congress and several state legislatures, only the District of Columbia enacted an anti-trust exemption for physicians this session. Rep. Tom Campbell's (R-CA) bill passed the House of Representatives in June by a wide margin. The Senate did not take up the bill and the American Medical Association (AMA) was unable this year to find a sponsor. It will be a major AMA issue next year, although with Rep. Campbell's lost bid for a Senate seat, the AMA will have to recruit a new lead sponsor.

PRIVACY CONFIDENTIALITY

Rules to protect the privacy of personal health records are expected to be made final and released next week by the Department of Health and Human Services (HHS). HHS was handed the task of drafting when Congress failed to pass medical privacy regulations under the Health Insurance Portability and Accountability Act of 1996. HHS will not release details of the rules prior to publication.

WELLPOINT'S VIEW

While employers and health plans, working together, avoided potentially damaging legislation this year, these issues will return next session. Health care—more specifically Medicare prescription drug coverage—was a key issue in this year's elections. With a more evenly divided Congress, it remains to be seen what elements from the campaign rhetoric will result in substantive policy changes to our health care delivery and financing system.



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