



Horizon Blue Cross Blue Shield of New Jersey

*Making Healthcare Work*SM

Medicare and PPOs - Our Experience

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Who are we?

- Horizon Blue Cross Blue Shield of NJ
 - Part of the Blue Cross Blue Shield system
 - Established over 70 years ago
 - Currently not-for-profit
 - Cover 2.8 million people
 - Including 169,000 Seniors with M+C or Medigap
 - Approximately 75% are in PPO type programs

M+C Background

- Started in the program in 1996
- Currently cover 56,613 members
 - 46,101 in PPO demo plans
- Only statewide plan (all 21 counties)
- We have 62% share of the M+C market
- Lately we have reduced benefits and raised premiums

Why the PPO Demo plans?

- Reimbursement rates = the greater of 99% of FFS or legislated M+C rate
- Greater and better product choices for the seniors
- Gave us a three year window
 - instead of annual go/no go process

Benefit Plans

- In 2002 we offered:
 - two HMO plans (high and low options)
- In 2003 we offer:
 - one low option HMO plan
 - two PPO demo plans (high and low options)

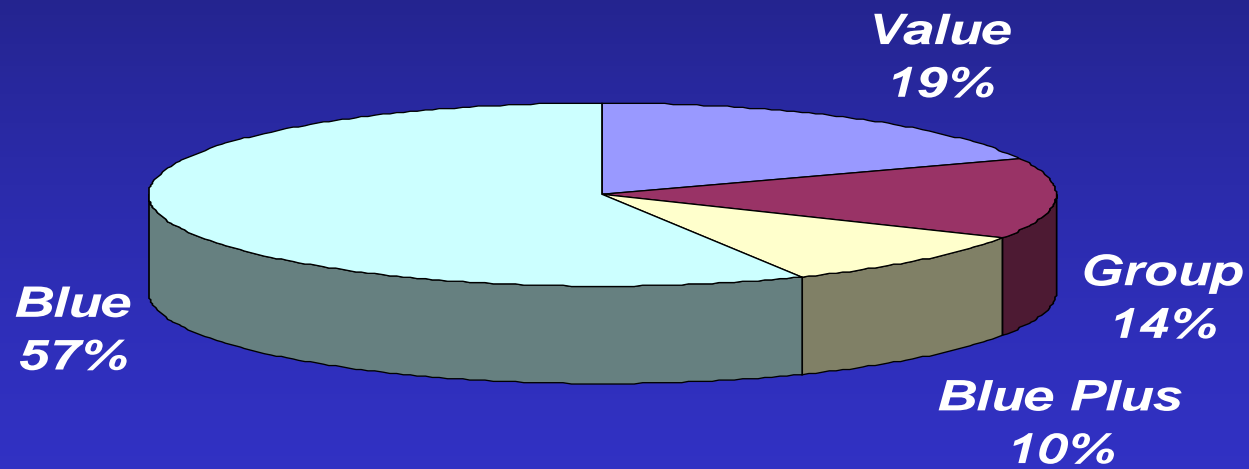
Who buys?

- Most members have individual contracts
 - But 14% have group coverage
 - 89 employers (GE, Lucent, Union Carbide, IBM, Verizon, Wyeth) cover 8,086 members
- 22% of the PPO members are age 80 or older
- 5% are under age 65
- 31% are age 70-74 - the largest cohort

Their Choices:

	Value	Blue	Blue Plus
Premium	\$51.31	\$86.40	\$115.70
Coinsurance	100/0	100/80	100/70
Hospital	15%	\$750 D	\$750 D
Office Visits	\$10	\$10/\$15	\$20/\$30
Out Patient Surg	\$10 or 15%	Zero	Zero
Out of Pocket Max	n/a	\$2,000	\$3,000
Out of Network Ded	n/a	\$1,000	\$2,000
Rx	n/c	n/c	\$100 D; 10/20/35

Results:



Senior Market - Lessons Learned

We also cover 112,000 members in Medigap plans

– 52% are covered by pre-reform (8/1/92) plans

- Seniors favor stability, predictability, simplicity
- Both employers and members are losing patience and trust

Senior Market - Lessons Learned

- Program must be aggressively marketed
 - largely sold one by one
 - DRM campaign
 - Field sales force
 - Local area meetings
- Must build partnership with CMS
- Still looking for predictable funding

Questions?

