Blue Cross Blue Shield of Massachusetts Announces the Hospital Choice Cost-Share Feature

New Feature Gives Employers More Affordable Option and Consumers an Incentive to Seek High-Value Care

BOSTON — February 10, 2011 — Blue Cross Blue Shield of Massachusetts, Inc. (BCBSMA), is introducing an innovative new health plan design for individuals and employers that offers significant savings from traditional plans. The Hospital Choice Cost-Share (www.bluecrossma.com/hospitalchoice) option provides an average premium savings of approximately five percent while offering value-based incentives for members to seek care at hospitals that deliver high quality care at a lower cost. Leveraging nationally accepted quality measures and BCBSMA payment data, Hospital Choice Cost-Share tiers hospitals into one of two categories: high-value or highcost. Members out-of-pocket costs differ based on where they choose to seek care.

Employers and individuals who select this option will benefit from lower co-payments when seeking care from any of 53 high-value hospitals or an independent center, such as a Shields MRI center. If members choose to seek care at one of the 15 hospitals identified as high-cost, the same lower premium applies, but the member will pay additional co-pays for six categories of procedures, until they meet their out-of-pocket maximum limit for the year. The six types of procedures include: labs ($35), X-rays and imaging ($100), high-tech radiology ($450), inpatient care ($1,000), outpatient surgery ($1,000), or physical, occupational and speech therapy ($35). Hospital Choice Cost-Share does not apply to emergency care or admissions to the hospital from the emergency room. An example of co-payment differences based on one plan, HMO Blue New England Enhanced Value, is below:

HMO Blue New England Enhanced Value Plan

Benefit	Co-Payments as of 9/25/2010	With Hospital Choice Cost-Sharing feature, as of 1/1/2011
Primary Care Physician Visit	$20	$20
Specialist Care Visit	$35	$35
Inpatient Hospital	$500	$500 ($1500)*
Outpatient Hospital Day Surgery	$250	$250 ($1250)
High Tech Radiology	$50	$50 ($500)
Laboratory	$0	$0 ($35)
X-Rays / Other Imaging	$0	$0 ($100)
Physical Therapy / Occupational Therapy / Speech Therapy	$35	$35 ($70)

( ) = co-payment for hospitals that are higher-cost
* = lower co-payment applies if emergency admission

Larry Croes, Vice President of Commercial Markets at BCBSMA said, "As part of our broader strategy to deliver more affordable products and greater value to the marketplace, we're excited to introduce Hospital Choice Cost- Share as a new option for individuals and employers interested in moderating premium increases."

High-Value and High-Cost Designations
This year, all hospitals in both categories met the bar for nationally-accepted measures of quality, including measures from the Centers for Medicare & Medicare Services (CMS), and the Agency for Healthcare Research and Quality (AHRQ). After it was determined all hospitals met the quality bar, hospitals were placed in either category based on cost.

Different hospitals charge different prices for the same procedure, and these cost variances do not correlate directly to quality. According to the March 16, 2010 Massachusetts Attorney General report "Examination of Health Care Cost Trends and Drivers", hospitals are not paid more based on quality of care. However, hospitals do charge different rates for the same procedure.

A recent Boston Business Journal article1 pointed to the differences in costs for the same procedures among hospitals. For example, a CT scan, which uses the same machines, is more than double at the highest cost facility in Massachusetts as compared to the lowest.

Croes added, "This new plan feature provides our members with greater opportunity to make informed health care decisions. Members can choose to seek high-value or high-cost care and pay differently based on their choices."

Employers Seek New Options
"Hospital Choice Cost-Share gives employers an innovative choice to help with the burden of increasing health care costs. The business community welcomes all new options that will help make their share of health care costs more affordable," said Rick

Lord, President and Chief Executive Officer, Associated Industries of Massachusetts, the largest employer organization in the state of Massachusetts.

The new Hospital Choice Cost-Share feature follows the introduction of tiered health plan options such as the Blue Cross Blue Shield of Massachusetts Blue Options plan offerings. First available in 2007, Blue Options plans grew 120 percent in membership last year, making it one of the fastest-growing BCBSMA plans with approximately 95,000 members at the end of 2010.

To learn more about Hospital Choice Cost-Share products, including a list of hospitals, co-pay differences, and interactive member education tools, visit: www.bluecrossma.com/hospitalchoice

Blue Cross Blue Shield of Massachusetts (www.bluecrossma.com) was founded 74 years ago and is now the largest private health plan in the state, providing coverage to nearly 3 million members. BCBSMA believes in working with physicians, hospitals, employers and the broader community to provide quality, affordable health care in Massachusetts. Blue Cross Blue Shield of Massachusetts is an independent licensee of the Blue Cross Blue Shield Association.

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