



MEMBER DIRECT PAY

SUMMARY

Blue Cross of California and BC Life & Health Insurance Company (Blue Cross) are changing how they reimburse PPO members for non-emergency health care. Reimbursement for covered services from non-network providers will now be sent directly to the member along with an explanation of benefits.*

In the past, Blue Cross paid non-network providers directly for those services that were covered on the member's benefit plan. Now, Blue Cross will send the member a check for all covered services, and the member will pay the non-network provider.

Blue Cross strives to empower our members with knowledge about their health care choices, while we work to help control costs and provide quality care. This change will help inform our members about the significant cost savings they can receive by visiting Blue Cross network health care providers for covered services, as we have established negotiated rates of reimbursement with our network of over 45,000 physicians and more than 400 hospitals in the California network.

FREQUENTLY ASKED QUESTIONS

Q1: Why is Blue Cross implementing the Member Direct Pay Process?

A1: Blue Cross is implementing this process to empower our members to be informed consumers in their choice of care. The member will better understand the significant cost savings they can receive by visiting health care providers that are within the Blue Cross network for covered services. The member can take advantage of established negotiated rates between Blue Cross and its network of over 45,000 physicians and more than 400 hospitals in California.

Q2: How will members find out whether a physician is a participating provider?

A2: Members can visit the Blue Cross website at bluecrossca.com and click on "Find a Doctor" or phone a Customer Service representative at the number located on the member's ID card.

Q3: When does this new procedure go into place and how are you communicating this change to your members?

A3: This new process went into effect on June 23, 2007.* The new procedure is described in all new Evidence of Coverage (EOC) documents that are distributed to members. In addition, agents and brokers can share this information with members and clients.

Q4: What if a member has no choice of where to go because they are in an emergency situation such as a car accident?

A4: This change will not affect emergency treatment at an emergency room or the services of ambulance providers (both air and ground).

Q5: How are you notifying non-network providers of this change?

A5: While Blue Cross communicates on a regular basis with those physicians who are in the Blue Cross network, it is not feasible to communicate with those out-of-network doctors or hospitals that may at some point provide services to our members.

Q6: Do other health insurance companies in California provide payment in this manner?

A6: Our understanding is that there are other health insurance companies currently processing payments in this manner.

*This change does not apply to Small Group members covered through BC Life & Health Insurance Company products.



FREQUENTLY ASKED QUESTIONS (cont.)

Q7: Does this change impact all of our Individual and Small Group members?

A7: The change has been in effect since June 23, 2007 for all Blue Cross of California and BC Life & Health Insurance Company Individual members, but does not apply to Small Group and Indian Tribe members covered through BC Life & Health Insurance Company products. (*See below for EOC language.*)

Q8: Is there business that is excluded from this new process?

A8: Yes. State Sponsored Programs such as Medi-Cal business; all HMO and POS business; Specialty business; Medicare and CMS (Centers for Medicare & Medicaid Services); HIPD (Health Insurance Payment Demand - affiliation of Medicaid) and FEP (Federal Employees) are excluded.*

Q9: How will non-participating providers be impacted by this change?

A9: The payment from Blue Cross will be issued to members directly, and members will be responsible for paying the provider. The exceptions are emergency and ambulance services (both air and ground), which will not be impacted by this change. Also, this process does not apply if Blue Cross has approved an authorized referral to a non-network provider.

Q10: How does this change benefit members?

A10: Our goal is to help educate and empower our members about the health care choices available to them. By directly demonstrating to the member the dollar amount that needs to be forwarded on to a non-participating provider, the member will gain a greater understanding of the savings that could be gained by the member and the health care industry if network physicians are utilized.

Q11: Who will receive the check — the member or the subscriber?

A11: Blue Cross will be issuing checks to subscribers. The subscriber is the insured enrollee of the benefit plan (versus their dependents who are under their plan coverage).

Q12: Is the direct pay method a choice for the member? Can they still have the physician paid directly from Blue Cross?

A12: For Individual and Small Group, the member direct pay language has been added to Blue Cross of California contracts. The member direct pay language supersedes assignment of benefits to providers.*

*This change does not apply to Small Group members covered through BC Life & Health Insurance Company products.

PAYMENT-TO-MEMBER EOC/CERTIFICATE LANGUAGE

SG PPO (2-50)

Payment to Providers - We will pay the benefits of this plan directly to contracting hospitals, participating providers, COE and medical transportation providers. If you or one of your family members receives services from non-contracting hospitals or non-participating providers, payment will be made directly to the subscriber and you will be responsible for payment to the provider. Any assignment of benefits, even if assignment includes the provider's right to receive payment, is void unless an authorized referral has been approved by Blue Cross. We will pay non-contracting hospitals and other providers of service directly when emergency services and care are provided to you or one of your family members. We will continue such direct payment until the emergency care results in stabilization. If you are a MediCal beneficiary and you assign benefits in writing to the State Department of Health Services, we will pay the benefits of this plan to the State Department of Health Services. These payments will fulfill our obligation to you for those covered services.