

fchp adds plan designs for more choice

We hope you're becoming familiar with Fallon Community Health Plan's triple-product solution that gives clients more choices in provider networks—with different premium tiers. Our FCHP Direct Care and FCHP Select Care HMO products can be offered alongside each other and with Fallon Preferred Care, our PPO (which uses the PHCS network). Within each of these products are unique plan designs with even more choices that can help balance benefits with the bottom line. In addition to our Care Choice high-deductible options, we have:

- **Premier options** - designed for those looking for the greatest level of coverage. These options have a higher monthly premium, but lower copayments when services are received.

Introducing Premier Value, effective July 1, 2008 —

This option gives you another price tier that groups are requesting. Copayment levels fall between our Premier and Premium Saver plan designs.

- **Premium Saver options** - more affordable than the Premier options, because they strike a balance between lower monthly premiums and slightly higher out-of-pocket expenses. They include deductible options as well as inpatient copayment options.

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broker bonus opportunities

Fallon Community Health Plan offers you very competitive bonus opportunities in 2008 that are designed to reward you for your hard work. You can earn up to an additional 2% of your entire book of business. We recognize that our success in net new profitable growth is dependent on our broker channel—particularly in your commitment to demonstrating to clients how FCHP is different, and a unique solution for their needs.

Below we have outlined FCHP's three bonus plans. Please refer to your broker compensation document for further details.

Bonus plan	Required premium*	Required groups*	Retention	New business	Annualized premium	Bonus payment
Chairman's	\$3 million	10	90%	2 groups	\$500,000	2.0%
President's	\$1 million	3	90%	2 groups	\$500,000	1.0%
Director's	n/a	n/a	n/a	5 groups	\$1.5 million	1.5%**

* Based on commissionable business only. Measured on the last day of the prior year.

** Payment on annualized new business premium.

If you have any questions, please contact your sales executive or feel free to get in touch with Keith Ledoux, Assistant Vice President, New Business Sales/Broker Relations, at 1-508-368-9059 or via e-mail at keith.ledoux@fchp.org. ■

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“Progress always involves risk; you can't steal second base and keep your feet on first.”

— Frederick Wilcox

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Introducing Premium Saver 65/35, effective July 1, 2008 — This option is an alternative to deductible plans with an economical price point. A 35% coinsurance applies to such benefits as inpatient hospital stays, same-day surgery, diagnostic services and imaging services. (This option is not available with our Fallon Preferred Care product.)

These health plans meet minimum creditable coverage standards and satisfy the individual mandate for having health insurance.

For more details about our product portfolio, please contact your FCHP sales executive at 1-800-333-2535. ■

faulkner hospital, quincy medical center join fchp network

Fallon Community Health Plan has welcomed community teaching hospitals Faulkner Hospital and Quincy Medical Center into its provider network. Now, members with FCHP Select Care, FCHP Direct Care and Fallon Preferred Care can receive care at Faulkner Hospital, while members with FCHP Select Care and Fallon Preferred Care can receive care at Quincy Medical Center.

Faulkner Hospital serves residents of Jamaica Plain, southwest Boston and surrounding suburbs, and Quincy Medical Center serves the City of Quincy and other South Shore communities. ■

fchp's new ad campaign supports sales

We've launched our 2008 advertising campaign to increase the awareness and image of Fallon Community Health Plan among your clients and prospects during the busy season ahead.

fchp—in your opinion

Ralph Fratus Jr.
Principal, Designed Benefits Group
Middleton, Mass.

At Designed Benefits Group, we switched our own health insurance coverage this spring from Blue Cross Blue Shield to Fallon Community Health Plan.

While on vacation in Florida in April, only three weeks after securing our new benefits, I was rushed to the Cape Coral Hospital for an acute situation. My condition required a four-day stay in addition to numerous blood tests and an MRI. The hospital was concerned about payment, but my wife contacted FCHP and was told that everything was under control and to not worry. That really put our minds to rest. The only expense that I incurred was the in-hospital copayment; the balance of the bill was completely paid by FCHP.

Afterwards, FCHP went a few steps extra, taking the time to follow up both in writing and with phone calls to ensure that I had received the treatment I needed for my situation.

Though at the time of switching to FCHP I never doubted the strength of the company, I now can assure you that my experience has reinforced our belief that FCHP was an excellent choice. ■

"More you" is our theme for advertising that will appear throughout Massachusetts. **More you** is an evolution of FCHP's brand that's all about health insurance made simple. We propose to have plans, benefits, programs, savings, service and communication that are more relevant to all our customers. It's also an invitation for more involvement and responsibility from our members and partners. We're offering more choice, more value and more of what fits your business best.

FCHP's advertising campaign will be concentrated in June, but continue at various levels throughout the year.

You'll likely see our TV commercials on a variety of programs this summer, and hear comparable radio spots, along with our sponsorship of the Red Sox Injury Report. Our print ads will appear predominantly in business publications.

Our billboards are appearing in nearly two dozen locations—look for them in Worcester, Springfield, Pittsfield and other Berkshire towns, Lowell, Lynnfield and Beverly. In addition, we'll be sponsoring the Baby Care Center at Six Flags in Springfield and the state's Metro Traffic 511 program.

We hope you like what you see and hear—and that it will support your efforts on behalf of FCHP. ■

More choices

More benefits

More support

More YOU.®

fchp fact or fiction?

FCHP has your doctor.

TRUE!

At Fallon Community Health Plan, we understand that people value the relationships they have with their doctors. So, we've greatly expanded our networks in recent years to include most everyone's doctor!

We'd like to prove it. Send us a client's provider list, and we'll do a "disruption" report to clearly show you how well we match up.

And since one size doesn't fit all, we offer three different networks—that can be offered alone or in combination for maximum savings. **FCHP Direct Care** is a tailored network of providers that give high-quality care at significant premium savings. The network includes more than **11,400** providers with Acton Medical Associates, Charles River Medical Associates, Fallon Clinic, Highland Healthcare Associates IPA, Lahey Clinic, Lawrence General IPA, Lowell General PHO, Mount Auburn Cambridge IPA, Northeast PHO and Southboro Medical Group.

FCHP Select Care gives our members access to an extensive network of nearly **18,000** providers in Massachusetts from Boston to the New York border. In addition, **Fallon Preferred Care**, our PPO, has a network that includes more than **500,000** providers both regionally and nationally.

We encourage you to evaluate the needs of your clients and help them choose the right network for their employees. The bottom line is—when it comes to doctors, we've got you covered. ■

customized solutions for medicare group sales

Fallon Community Health Plan continues to draw on its over 28 years of experience in the Medicare field to provide employers with great options for their retiree coverage. Our staff works one-on-one with customers to customize a benefit design that best fits their needs.

FCHP has products with multiple levels of coverage that can be offered individually or together to everyone's advantage:

- **Fallon Senior Plan (HMO)**—our lower-premium option with a defined network. This option includes great benefits like unlimited prescription drug coverage and healthy living extras such as eyewear and hearing aid purchase allowances.
- **Fallon Senior Plan Premier Preferred (PPO)**—offers access to a larger selection of defined network providers and includes an out-of-network (national) provider option. The PPO offers many benefits similar to the HMO product.
- **Fallon Companion Care (a Medigap plan)**—a solution for Medicare-eligible retirees living in any state. There's no provider network, so retirees can choose any Medicare participating doctor. The plan includes unlimited outpatient prescription drug coverage and our popular fitness reimbursement benefit, It Fits! Companion Care is available to employer groups with FCHP plans for active employees.

To learn more, call Robert Cannon, FCHP Manager, Medicare Group Sales, at 1-508-368-9532. ■

fchp and vna acquire home care services company

Fallon Community Health Plan and VNA Care Network & Hospice entered into a joint venture to acquire Worcester-based Home Staff, a privately held home supportive services agency that provides a variety of in-home services in Massachusetts.

Home Staff, which was founded in 1977, provides support services to help individuals in their home—including personal care, cleaning, errands, escorts to medical appointments, respite/companionship and other care-related services—up to 24 hours a day, seven days a week.

The move represents a second addition to FCHP's business line as a provider of care. Unique among Massachusetts health plans in providing care as well as insurance coverage, FCHP also operates Summit ElderCare®, a Program of All-Inclusive Care for the Elderly, which provides day-to-day clinical care to frail elders, giving them the ability to live independently within their communities. ■

reminder: online quoting and new deadline for new business paperwork

If you haven't registered yet for online quoting, please call your sales executive or Tina Aubin at 1-508-368-9986. As you know, FCHP recently introduced our new Quick Quote capability in order to enhance our support and service for your business.

At the same time, we want to maintain our standard of service excellence for the new members you introduce to FCHP. To do so, we're asking that you **submit all new business paperwork in its entirety to FCHP five or more days before the proposed effective date.** This will allow us the time needed to efficiently process and welcome new members. ■

fchp news

• oh, baby! program adds safety kits

Fallon Community Health Plan's value-added feature, Oh Baby!, has a new addition. Members enrolled in our Oh Baby! program already receive great benefits, such as a free convertible car seat, free prenatal vitamins and a book by the American Academy of Pediatrics. Now, they'll also receive a home safety kit. This 46-piece kit includes safety catches for cabinets, outlet plug covers, cabinet sliding locks, multi-purpose latches and doorknob covers.

FCHP members who are expectant moms or dads can learn more by visiting www.fchp.org or calling our Customer Service Department to enroll at 1-800-868-5200 (TDD/TTY: 1-877-608-7677), Monday through Friday, 8 a.m. to 6 p.m.

• pay it forward continues in 2008

Fallon Community Health Plan will extend its 30th anniversary Pay It Forward program for another year. Last year, 30 FCHP employees were randomly chosen to distribute a total of \$30,000 to favorite charities. In February, another 30 employees were picked to **donate to a charitable organization** of their choice in 2008.

"It was such a powerful experience and we got such great feedback from so many different people that we decided to do it again," explains President and CEO Eric Schultz.

• save these dates

Mark your calendar and plan to participate in these FCHP-sponsored events in 2008:

- July 3** Independence Day Celebration in Worcester
- September 14** Canal Diggers 5 km race and walk in Worcester's Canal District
- September 29** FCHP's 3rd annual Golf FORE a Goal tournament. Help us raise money again for food pantries throughout Massachusetts by reserving your sponsorship—call Cheryl Schmaltz at 1-508-368-9834 or e-mail golf@fchp.org. ■



Broker Edge is published quarterly to provide the broker community with the latest Fallon Community Health Plan news and product facts, health care trends and marketplace information. E-mail your comments on *Broker Edge* to broker.services@fchp.org, or call Tina Aubin at 1-508-368-9986.

special report

pharmacy face-off: cost and safety in a demanding market

part one: cost

There are probably no health care costs more out of control today than the dollars spent on prescription drugs.

The global pharmaceutical market is predicted to reach \$967 billion by 2011. Prescription drug costs consume at least 15 cents of every premium dollar, forcing employers to adopt more and more restrictions in their benefit plans to offset annual increases.

Fallon Community Health Plan stands out from its competitors in aggressively managing pharmacy for both costs and member safety. In the first of our two-part series, we'll explore the cost issues and FCHP's response.

First, here's a look at where we are today.

In the early days of managed care, prescription drugs were cheap by today's standards—a \$5 prescription was considered expensive! Health plan members had little or no copayments and, over time, they and their physicians became blind to the true, and rising, costs. Today, it's common for individuals to pay \$15 to \$45 copayments for medicines that really cost \$200 to \$2,000 a month. As a result, many consumers don't value their prescriptions in financial terms the way they do other products. For example, a health plan member will carelessly leave a \$2,000 specialty drug on their car's back seat to spoil in the heat—and expect to get a refill without even a copayment. Would they risk leaving a \$2,000 laptop in their car?

drug manufacturers see the profits

The pharmaceutical industry took advantage of these developments. They became great drug marketers and, eventually, full-scale advertisers. Last year, drug makers spent \$5.4 billion in direct-to-consumer advertising and millions more in courting doctors and plying them with free samples that increase use of prescriptions for their most expensive brand-name drugs.

At the same time, the industry is actually creating fewer new products. Pharmaceuticals are instead producing "me-too" drugs (how many cholesterol-fighting drugs do we need?) and extending patents for more expensive brands by beginning new studies or making minor drug modifications and label changes (e.g., Ambien® vs. Ambien CR®).

At the same time, companies are dreaming up new syndromes and disorders (e.g., "excessive sleepiness syndrome," "oppositional defiance disorder") and marketing their existing products for these afflictions, regardless of proven negative side effects. Their focus is on keeping generic drugs, which are much cheaper (and proven safe) from entering or expanding in the marketplace.

With our pill-for-every-problem culture, pharmaceutical companies are now pricing drugs according to what the market will bear, not by what the drug actually cost. And, they increase the price tag at will. One dramatic example from last September is a special drug for a rare form of epilepsy that overnight went from \$1,600 to \$23,000 a vial. Meanwhile, drug makers are posting quarterly net profits in the billions.

These developments over the years have created a perfect storm in pharmacy management.

fchp taking action

Fallon Community Health Plan has aggressively pursued solutions to minimize the storm damage. Some ways we are managing pharmacy costs behind the scenes are:

- We monitor usage of inappropriate and non-cost-effective medications.
- We contract with pharmaceutical companies to get the best price.
- We encourage use of safe, cost-effective generics—our generics vs. brand usage ratio is significantly better than other local and national health plans.
- We promote use of our mail-order pharmacy, which saves our members money.

In our next issue of *Broker Edge*, we'll explore the many significant safety issues that surround the current pharmaceutical whirlwind and the steps Fallon Community Health Plan is taking to protect our members. ■