

*Blue***CHOICE**  

Highmark Health Care Coverage
On The Internet

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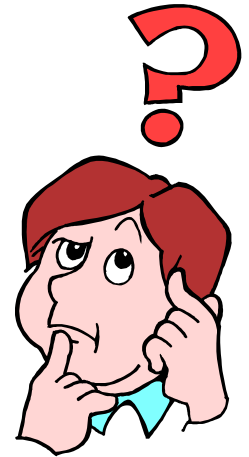
Who is Highmark?

- Operates as Highmark Blue Cross Blue Shield in Western PA
 - 3,000,000 members
- Operates various other companies, including:
 - Pennsylvania Blue Shield in remainder of PA
 - Dental, Vision, Life & Casualty companies
- Western PA market reflects collective bargaining influence, such as:
 - Preference for first dollar coverage
 - Less likely to have choice of plans
 - Less likely to require employee contributions

Why *BlueCHOICE* ?

- Convergence of three trends:
 - Consumerism in health care/health plan
 - Employers' desire to limit costs/liability
 - Technology
 - ⇒ *BlueChoice* did not start out as an Internet product
- Highmark is preparing for a much more retail marketplace
 - *BlueChoice* is part of a broad CRM strategy

What is *BlueCHOICE* ?



- The nation's first fully online health insurance product:
 - Everything online
 - ⇒ No paper for employees
- The nation's first true choice package:
 - Up to 16 plan options at employee level
 - ⇒ All product types -- from HMO to indemnity
 - Interactive tools to assist with choice
 - ⇒ Not just more choice but assistance with choice
- A functioning product:
 - Launched April 2000
 - ⇒ First clients July 2000

What's cool about *BlueCHOICE* ?

- ✓ Everything is online
- ✓ More plan choices
- ✓ The plan tools:
 - ⇒ Plan selection tools
 - ⇒ Benefit Information
 - ⇒ Comparisons
 - ⇒ Provider Directory
- ✓ Online enrollment
- ✓ Online Plan Administrator capabilities

▣▣▣▣ **But what really sets
BlueChoice apart:**

**Not just the ability for
employees to get *more* plan
choices...**

**...but the ability to get
the *right* plan choice**

Everyone Wins



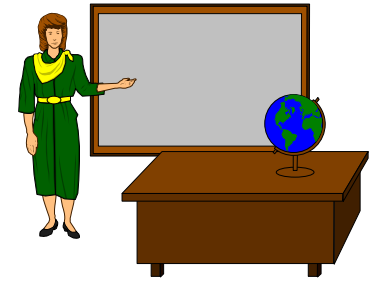
- Employers gain:
 - ✓ A unique benefit program
 - ✓ Employees happier with plan choices
 - ✓ Online administration
 - ✓ More cost control
- Employees gain:
 - ✓ Ability to pick the plan that is right for them
 - ✓ Easy online plan selection and enrollment
 - ✓ Online access to all plan materials.

In the words of one regulator, “This is how all health insurance will be in 3 - 4 years...”

How is *BlueCHOICE* doing?

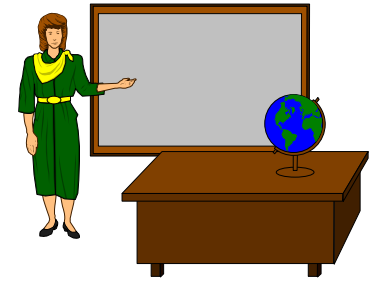
- Sales through 1 Q 2001:
 - 14 accounts
 - 20,000 members
 - Accounts range in size from 70 employees to 4,000 employees
- We expect rapid growth over next 2-3 years

Some key lessons learned: Employers



- Pick the right group
 - Technology-friendly clients make the process easier
- Start the sales process early enough
 - *This is not selling a product; it is selling a concept*
- Some employers are still paternalistic
 - Reluctance to go full degree of choice available
 - Some skepticism about “paperless”
- Train, train, train
 - Start with the plan administrators

Some key lessons learned: Employees



- Employees like multiple options
 - Less reluctance than employers
 - Employees have enrolled in every available option
- Employees like using the web
 - Rate the process as easier than paper
 - Internet/PC ability not connected to satisfaction
- Employees actively use the plan tools
 - Each option used by at least 70%

Where does *BlueChoice* go from here?

- Uniqueness of BlueChoice
 - Internet aspects becoming less unique:
 - Online enrollment/info becoming the norm
 - Other internet-based products becoming available
 - BlueChoice has a long range plan for enhancements
 - Product options & Plan tools
- “Defined contribution” & BlueChoice
 - Employment based system will remain for near term
 - Employers will have increased interest in controlling costs
 - Increased choice can make defined contribution acceptable
 - BlueChoice is a perfect fit for defined contribution