

# Anthem Blue Cross Small Group

## New RAF Program & May 1, 2009 Rate Action

Anthem Blue Cross has announced Medical and Dental rate adjustments for May 1, 2009 effective dates. A new RAF program is also being introduced, in addition to current programs, beginning with April 1, 2009 effective dates.

### Why are Rates Increasing?

To help you better explain the rationale used in determining the May rate increase, Anthem Blue Cross has provided some of the many reasons contributing to year over year increases. They are:

- General inflation: average 2.6% annually (1997 -2007).
- Increases in technology: 1-3% annually.
- Pharmacy costs: 1-2% annually.
- Underfunded Medicare and Medicaid programs: varies annually.
- State and Federal mandates: varies annually.

Additionally, Anthem Blue Cross will be providing agents with a new flyer, Medical Cost Trends, that will include real cost examples to assist you in educating your clients on what is driving increased health care costs.

### When will May Renewals be Distributed?

- March 10: Agent mailing begins
- March 23: Group mailing begins

## RATE CHANGES

### May Rate Adjustments

Anthem Blue Cross has announced their first rate adjustment since May 2008. The rate increases below will go into effect May 1, 2009. Remember, groups previously known as Focal Groups will receive the May 1, 2009 rates upon their next Anniversary renewal. [Click here](#) for the Focal Group renewal schedule.

**Medical** - Medical rates will change for May 1, 2009 effective dates

- Average rate increases are provided below:
  - **Northern CA:** HMO-10.4%; PPO-12.1%; CDHP-18.4%
  - **Southern CA:** HMO-7.7%; PPO-8.4%; CDHP-14.2%
  - **Statewide:** HMO-8.0%; PPO-10.0%; CDHP-16.7%; EEChoice-22.5% aggregate
  - May 2009 book rates: [EmployeeElect 2-50](#) [EmployeeElect 51-99](#) [EmployeeChoice](#) [Benefits](#)

**Dental** - Dental rates will change for May 1, 2009 effective dates

- Statewide average rate increases are provided below:
  - **Dental Blue and Metallic PPO Plans:** 8.5%
  - **Dental Net / Select Plans:** 4.0%
  - **Fee for Service Plans and Benefits:** 6.5%

### Life & Vision

- Life rates will not experience a change for May 1, 2009 effective dates
- Vision rates will not experience a change for May 1, 2009 effective dates

### Quarterly Rate Adjustments

New Business Rate adjustments for 2009 will occur in May. Anthem Blue Cross will then move to a quarterly cycle with rate adjustments occurring in January, April, July & October.

## RATING REGION CHANGES

For the first time since 2001, Anthem Blue Cross is making adjustments to the Small Group Medical and Dental rating areas for May 1, 2009 effective dates. There will continue to be nine rating regions throughout the state, however, the specific rating area for 20 counties will be changing. The changes will be seen primarily in rating regions 1, 2, 3 and 7.

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## New Rating Regions for Listed Counties

- Region 1 to Region 2 (resulting in lower rates)
  - Del Norte, Lassen, Modoc, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity
- Region 2 to Region 1 (resulting in higher rates)
  - Amador, Calaveras, Mono
- Region 2 to Region 3 (resulting in lower rates)
  - El Dorado (zips 956xx & 957xx), Sacramento, Tuolumne
- Region 2 to Region 7 (resulting in lower rates)
  - Fresno, Madera, Mariposa, Merced
- Region 3 to Region 2 (resulting in higher rates)
  - Solano

## NEW RAF PROGRAM (beginning with April effective dates)

We are excited to let you know about the new Summer Sizzle RAF Program from Anthem Blue Cross. Groups enrolling six or more employees for April 1 through September 15, 2009 effective dates are eligible for a .90 RAF\*.

For April effective dates only, the Summer Sizzle RAF Program will be offered in addition to the current RAF promotion and the Return to Blue RAF promotion. Program details are provided below. [Click here for New Business Deadlines & RAF Promotions.](#)

### \*RAF Program Guidelines:

- Applicable only to the **EmployeeElect** portfolio
- New AB1672 qualified groups with a **renewal RAF of 1.06 or better**
- Groups moving from Large Group that are now AB1672 eligible will qualify if they provide a Large Group renewal of less than a 20% increase
- **All renewals must be within 90 days of the requested effective date**
- COBRA/CalCOBRA enrollees do not count toward the enrolled subscriber counts
- Groups moving from CaliforniaChoice or association plans are not eligible
- Carve-out groups (management/non-management, salary/non-salary) are not eligible
- Groups leaving Anthem Blue Cross within 12 months of requested effective date are eligible if they meet the renewal RAF requirement and did not receive a 10% RAF increase on their last renewal with Anthem Blue Cross
- Groups with 2-5 enrolling may take an automatic 1.10 RAF or complete health questions and try for a lower RAF (as low as 1.0 for groups with 2-4 and .95 for groups with 5 enrolling)
- The Summer Sizzle RAF Program will be in addition to the current RAF promotion for groups with 10+ enrolling and the Come Back to Blue RAF promotion for April.
- [Guidelines for current RAF promotion](#)
- [Guidelines for Come Back to Blue RAF promotion](#)

## FOCAL RENEWALS to ANNIVERSARY RENEWALS

Anthem Blue Cross is making a Focal Transition Open Window available to groups from April 1, 2009 through May 31, 2009 to give your clients, who used to renew upon a Focal renewal basis, an opportunity to make changes effective May 1, 2009.

- EmployeeElect All Plans groups may make member-level changes to any EmployeeElect product during the Open Window.
- EmployeeElect Designated Plans groups may make member-level changes to products currently offered by the group or request a benefit modification.
- EmployeeChoice and BeneFits groups may make member-level changes to any product offered in their respective portfolio/programs.

Groups may also make member-level changes to plans currently offered by their groups during their anniversary month. This includes groups with January through April anniversary months who will not renew until 2010. A request to change a group's Anniversary date will not be honored.

## Advance Notification Mailings

During the week of February 16, 2009, Anthem Blue Cross began mailing Advance Notification packets to agents and groups in preparation for the Focal Transition Window. The included notices are:

[Advance Notification Letter](#)

[Anthem.com Renewal on the Web Flyer](#)

[Focal Group Client Roster \(Sample\)](#)

[SB853 Language Assistance Flyer](#)