

*For Distribution to Brokers/Wholesalers/Administrators/DBEs Only*

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## **New Business Rules for Deductible Credit**

**MARKET: 1-200**

In an effort to improve the accuracy of our deductible accumulators, CareFirst BlueCross BlueShield has implemented the following changes to the business rules around Deductible Credit.

**The following is currently in effect for groups in the 1-200 market for CDH Products and Blue Selections that include a CDH product:**

- **Deductible Credit For New Business**
  - For 15<sup>th</sup> of the month - no deductible credit and remains calendar year for now
  - Contract Year - no deductible credit
  - Calendar Year – (except for 15<sup>th</sup> of the month effective dates) provide deductible credit as long as they are currently in a calendar year plan with the competitor. This ensures that we are not extending their deductible period longer than 12 months, thus making the plan out of compliance with the IRS.
- **Deductible Credit for Renewals**
  - Off-cycle renewals - no deductible credit for contract year; deductible credit DOES apply for calendar year
  - Moving from calendar year to contract year or vice versa - no deductible credit
  - Remaining on calendar year but changing benefits on renewal - deductible credit applies

**The following business rules have been in effect for Non-CDH Products sold as standalone or not offered with CDH as part of Blue Selections:**

- Medical Deductible and Out of Pocket Credit is available:
  - For new business - Manual Process
  - For existing business - Within same benefit period (automated on FLEXX)
  - Deductible credit (CDH) expected on existing CareFirst accounts changing to new benefit effective periods
- Manual process when a group changes benefit effective periods
- Rx Deductible Credit is not a CareFirst business or industry practice

Attached for your reference is a chart that outlines the business rules for both new and renewing business. If you have any questions, please contact your Broker Sales Representative.



Shekar Subramaniam  
Associate Vice President, Broker Sales

# New Deductible Credit Business Rules

## New Business

Group	Before 2/1/08	After 2/1/08
Calendar	Yes	Yes*
Contract	Yes	No
15 <sup>th</sup> of Month (Calendar)+	Yes	No

## Renewing Business

Group	Before 2/1/08	After 2/1/08
Off Cycle Change	Yes	Calendar – YES Contract - No
Moving Calendar to Contract (vise versa)	Yes	No
Remaining Calendar Year – changing benefits	Yes	Yes

\* Must currently be calendar year plan with competitor -- ensures we are not extending their deductible period longer than 12 months, thus making the plan out of compliance with the IRS

+ 15<sup>th</sup> of the Month Contract Year Not Available

**Non-CDH Products sold stand alone or not offered with CDH as part of Blue Selections:  
Existing Deductible Credit Rules Apply**

**Bottom Line: When a CDH Product is offered standalone or as part of Blue Selections, Deductible Credit is ONLY ALLOWED on Calendar Year New or Renewing Business**