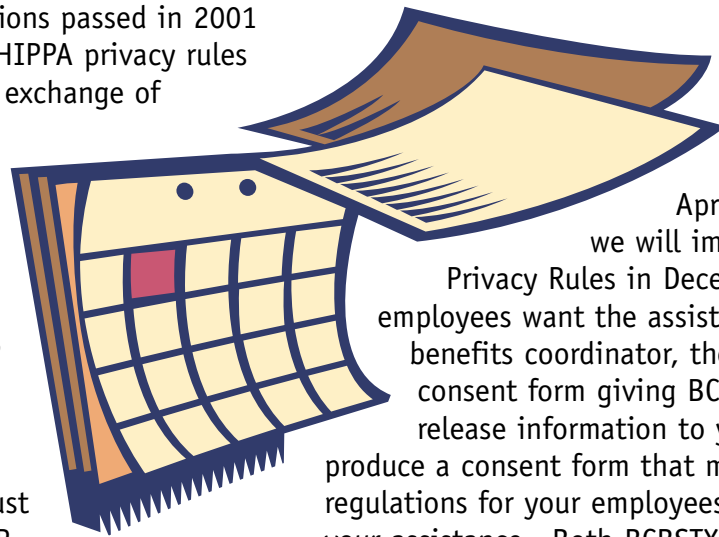


HIPAA privacy rules

New HIPAA laws and regulations passed in 2001 will go into effect in 2003. HIPAA privacy rules will dramatically restrict the exchange of health information about a person without appropriate consent. Neither BCBSTX nor ERS will be able to provide coordinators with details regarding an employee's membership, PCP selections, claims, and much more, without a signed consent from the employee. The effect of HIPAA rules must be communicated to all UGIP members so they can make decisions that will allow them to get the care and information they need for good health.



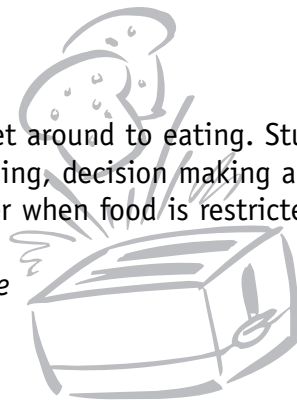
BCBSTX is required to comply with HIPAA regulations by April 2003; however, we will implement the Privacy Rules in December 2002. If employees want the assistance of their benefits coordinator, they must sign a consent form giving BCBSTX permission to release information to you. We hope to produce a consent form that meets HIPAA regulations for your employees to sign to allow your assistance. Both BCBSTX and ERS will continue to inform you about the process needed to comply with new HIPAA privacy rules.

The Most Important Meal of the Day

If you miss your morning meal you may set yourself up for overeating later in the day. Your body goes into a fasting mode when you haven't eaten since dinner the night before, which means your appetite goes into high gear when

you finally do get around to eating. Studies reveal that learning, decision making and memory all suffer when food is restricted.

-Fitness Magazine



Weight Training Without the Weights

Studies show that pumping iron improves balance, increases bone density and increases metabolism. For people who don't want to cart around heavy weights, especially when they travel, a lightweight strip of latex, which costs about \$5, may be a better option. Research has

shown that stretch bands engage deeper layers of muscles for longer periods of time than free weights do.

-Kathy Van Patten, Pilates instructor



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HealthSelect administered by Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company★
HealthSelect Plus administered by Southwest Texas HMO, Inc.★ d/b/a HMO Blue® Texas ★Independent Licensees of the Blue Cross and Blue Shield Association

A Fresh Coat of Blue

A HealthSelectSM and HealthSelect PlusSM Newsletter for Coordinators

July 2002

An update on HealthSelect and HealthSelect Plus for 2003

First the good news: There are no changes to the benefits or the service area for HealthSelect in Plan Year 2003. HealthSelect continues to be "in-area" for all counties except Lipscomb and Ochiltree in the Panhandle. These counties as well as any areas outside of Texas are "out-of-area."

To stem rising costs, substantial changes will be made to the HealthSelect Plus plan effective September 1, 2002 involving a reduction in the service area, a new pharmacy benefits manager and changes to the provider networks.



In Plan Year 2003, the HealthSelect Plus service area will be reduced from 113 counties to 22 counties primarily serving Austin, San Antonio, Dallas, Fort Worth, Houston, and Beaumont. While the reduced service area eliminates 80 percent of the counties, about 75 percent of the 2002 membership will remain in HealthSelect Plus. Current members, who are losing their HealthSelect Plus coverage, will be automatically enrolled in HealthSelect without evidence of insurability (EOI). In addition to other cost containment measures, HealthSelect Plus enrollment will be limited to participants currently in the program in the reduced service area. This will curb costs and allow HMO Blue® Texas and ERS to review its future. As a result of the reduced service area, HealthSelect Plus will now have one group number, 38000N, which will be printed on all ID cards.

All health plans in the Texas Employees Uniform Group Insurance Program will continue to offer the three-tier prescription drug plan with copayments at \$5 for generic drugs, \$20 for preferred brand name drugs and \$35 for non-preferred brand name drugs. All will have mail order programs, which provide maintenance supplies of up to 90 days of your drugs for the mail order copayment of \$10, \$40 and \$70.

HealthSelect and HealthSelect Plus pharmacy services will be consolidated under Medco Health Solutions, Inc., which now serves only HealthSelect participants. The change requires that all HealthSelect Plus participants using the mail order program with AdvancePCS get new prescriptions to begin the mail order program under Medco Health Home Delivery Pharmacy Service in September 2002. (Coordinators are encouraged to communicate this to their HealthSelect Plus participants.) If you like the convenience of mail order, you are encouraged to use Medco Health's mail order program.

However, formularies vary from plan to plan. Members may find some differences between the Medco Health formulary and that of AdvancePCS. You can check the formulary—the list of preferred brand name drugs, which cost \$20—on the Medco Health website. If you need information about the Medco Health Preferred Drug List you can also call 877-798-8454.

HealthSelect Plus may experience changes to its provider networks in its remaining counties. Two limited provider networks with considerably large HealthSelect Plus participation, Baylor University Medical Center in Dallas (hospital and clinic) and

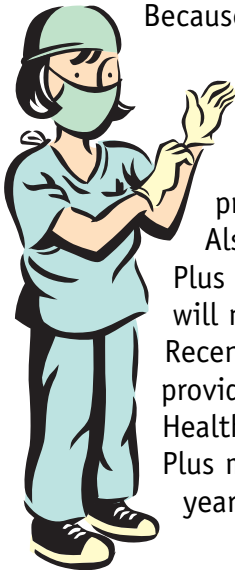
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Update on HealthSelect and HealthSelect Plus (continued)

Austin Regional Independent Associates (ARIA), are currently renegotiating their contracts with HMO Blue Texas. Please visit with your physician or check the HealthSelect Plus website for future updates. As other provider changes occur, they will be listed in the provider directories for HealthSelect Plus. Provider directories will be

available by linking through "Health and Dental Links" on the ERS website. They will be updated biweekly during Summer Enrollment and at least monthly during the plan year. Please visit our website www.bcbstx.com/hsp2002 throughout the summer to check status of providers and limited provider networks.

Primary Care Physician selections



Because many participants who are losing either HealthSelect Plus or their HMO will now move into HealthSelect, they will need to select a primary care physician (PCP). Also if you are in HealthSelect Plus and are losing your PCP, you will need to select another one. Recent changes to the online provider directories for both HealthSelect and HealthSelect Plus make them easier to use this year. Searches can be made for

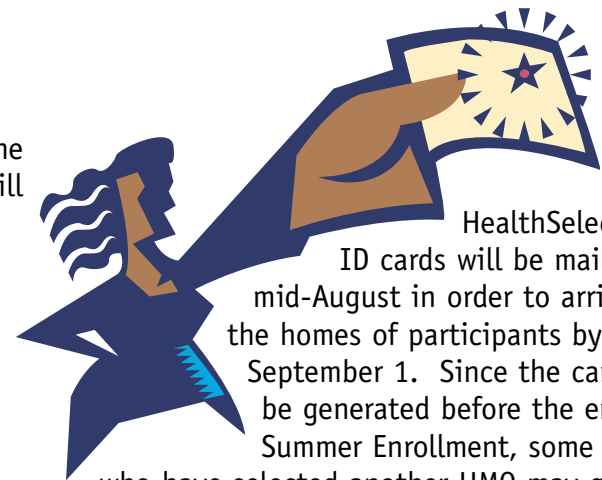
several different sized areas (within 10 miles or up to 75 miles from your home or work) or by physician's name or specialty. Before using ERS' online enrollment function, it's a good idea to visit the online directory for your health plan at HealthSelect, www.bcbstx.com/hs2002, or HealthSelect Plus, www.bcbstx.com/hsp2002 and search for a PCP in your area. Once you find a PCP, it is recommended that you also check with the physician to ensure they will accept you as a patient. If you are changing plans, but continuing with the same physician, you still must "select" your doctor in your new plan.

ID cards

New HealthSelect ID cards will not be sent in September because there were no changes to the plan. Participants continuing in HealthSelect will have valid ID cards, good through 2003. The group number for HealthSelect will remain as 38000. ID cards will be sent to HealthSelect members this September if:

- They are new to HealthSelect;
- They add or drop dependents;
- They make name changes; or
- They make PCP changes.

Identification cards will be mailed to all existing HealthSelect Plus participants. These cards will have the new information regarding the new prescription drug administrator, Medco Health Solutions, Inc. and the new group number, 38000N.



HealthSelect Plus ID cards will be mailed in mid-August in order to arrive at the homes of participants by September 1. Since the cards will be generated before the end of Summer Enrollment, some members who have selected another HMO may get a card from HMO Blue Texas. They should not use the card if they have made an HMO selection.

If an employee does NOT receive an ID card by September 1 and needs care or prescriptions that weekend, they only need their Social Security Number and group number to access care.

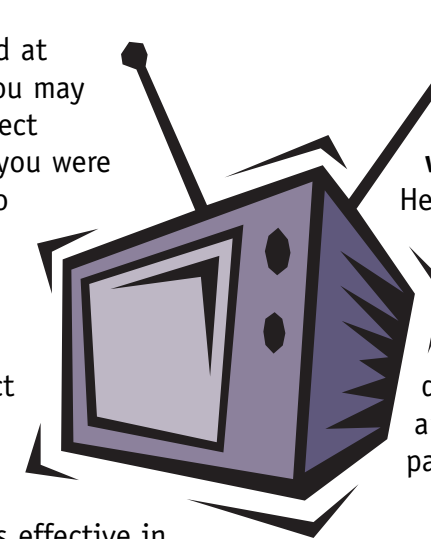
Summer Enrollment meeting cancellations

If you have requested a BCBSTX presentation at your Summer Enrollment meeting, our presenters will contact you about one week before your meeting to confirm. If you need to cancel or change your summer enrollment meeting or fair, you will need to submit this change through ERS. To make these changes, go to the ERS website at www.ers.state.tx.us and resubmit a Meeting Request Form. When you submit this

request, you will be sent a confirmation immediately from ERS via email. However, if you change your meeting right before it is scheduled, please notify BCBSTX directly of the meeting change. You should notify ERS as well. If you have any questions prior to your meeting, please email ERS at sen@ers.state.tx.us

Benefits video

During Summer Enrollment and at new employee orientations, you may continue to use the HealthSelect portion of the benefits video you were issued last year; there were no changes to HealthSelect. Because there will not be any new enrollment into HealthSelect Plus, please stop the tape after the HealthSelect portion has been viewed. If employees with HealthSelect Plus have questions about their benefits and the changes effective in



September 2002, please refer them to the 2002 Supplement on our website at www.bcbstx.com/hsp2002. HealthSelect Plus participants can also call the Summer Enrollment Answer Line at (800) 252-8039 for any assistance. During Summer Enrollment, BCBSTX presenters will discuss the HealthSelect Plus benefits and answer any questions that existing participants may have.

2002 On Line Benefits

HealthSelect – The Benefits Book is now found online and will no longer be printed as of September 1, 2002. The 2002 Online Benefits can be viewed and downloaded from the HealthSelect website, www.bcbstx.com/hs2002.

New HealthSelect members will not be sent a 2002 Benefits Book. They will be referred to the website to view and download needed information.

HealthSelect Plus – The new 2002 Online Benefits will now be posted on the HealthSelect Plus website. Existing members may view or download a copy at www.bcbstx.com/hsp2002.

