

## Affordability Cures<sup>SM</sup> FAQs

### Q: What is Affordability Cures?

**A:** Affordability Cures is a company-wide endeavor that will be deployed across our states to bring a new and focused approach to how we address and talk about affordability-related issues in health care. This includes how we deploy resources and how we focus and unify to drive dialogue about the most pressing needs around affordability and other gaps in our health care system. We expect Affordability Cures will be a combination of new and existing initiatives that will be rolled out through our current operations. This could be in the form of new innovations, programs and products or community investments.

Through Affordability Cures, Blue Cross and Blue Shield of Texas (BCBSTX) will focus resources in five target areas where innovation and investments can affect meaningful change:

- **Collaborative Care:** Share timely and accurate insights and deepen relationships with care providers and patients to improve outcomes;
- **Productive Employees:** Partner with employers on innovative programs and services that will help customers support their most valuable asset – their workforce;
- **Household Financial Security:** Enhance products and promote market conditions that provide peace of mind through controlled, predictable costs;
- **Healthy Communities:** Identify and support initiatives beyond traditional care settings that tackle determinants of health to improve individuals' well-being; and
- **Digitally-driven, Data-rich Actions:** Deliver insights and drive behaviors that create meaningful change.

### Q: How did you land on the five target areas for Affordability Cures?

**A:** For years, this has been our focus and these areas have been part of our business through our products and services, daily operations, community investments and advocacy efforts. Accelerating the pace with additional resources will have the most impact on moderating health care costs for our customers. Through Affordability Cures we will treat not only the symptoms, but the root causes, of a high-cost health care system.

### Q: Are you doing this because of benefits from the new tax law?

**A:** While recent changes to the tax law may bolster our efforts and provide an additional lift to our capital position, it is one factor, among many, in our overall financial performance. Our Affordability Cures commitment is a result of our multi-year planning efforts, progress in rebuilding BCBSTX's savings and ongoing work to reduce health care and administrative costs.

Doing the right thing for our customers, members, and their communities drives our business strategy, not tax events. In recent years, while others sat on the sidelines, we rolled up our sleeves, and actively participated to expand access in new markets – even when it became costly.

It's taken several years, but with experience, we have turned a corner. Now that our financial position has improved, it's time to accelerate our efforts to advance solutions that moderate health care costs in measurable and sustainable ways.

**Q: How exactly will this help groups?**

**A:** We are providing rate relief where we can, and to further our commitment to the group market, we will continue to collaborate with and on behalf of employers and design solutions that moderate health care costs in measurable and sustainable ways and help you translate these actions into real-world dollars saved for clients.

BCBSTX has filed average rate changes ranging from slight reductions to modest increases for small group plans, effective July 1, 2018. Final small group rates will be finalized in the spring. As part of our regular business cycle, we will be taking a fresh look at our approach to sales and renewals in the midmarket and large group segments (51+).

You will see us investing in programs as well as entering into partnerships with firms inside and outside of the health care industry that translate into medical and pharmacy claims experience improvements, while continuing to improve the quality and efficiency of care in measurable and sustainable ways.

**Q: How does this benefit your members?**

**A:** In the long-term, this endeavor aims to moderate cost trends reflected in premium costs and ultimately enhance the health and wellness of the people and communities we serve. For example, working closely with hospital systems, doctors and other health care professionals to drive the shift toward value-based care models that put the patient first. Improving the quality and efficiency of care benefits everyone.

**Q: When do you expect to see measurable results and how will you report your outcomes?**

**A:** We are still establishing the parameters of how various initiatives will work and developing metrics that demonstrate how Affordability Cures drives meaningful change.

In the long-term, this endeavor aims to moderate health care cost trends and ultimately advance and enhance the health and wellness of the people and communities we serve. In addition, we will continue to move forward on measuring outcomes from existing efforts to improve the efficiency and effectiveness of care.

**Q: How is this different from what you were already doing?**

**A:** These five target areas will bring new focus to our company's long-standing tradition and existing efforts to make coverage more affordable. This will help accelerate sustainable solutions and complement existing initiatives such as product development or our Healthy Kids, Healthy Families<sup>®</sup> programs.

There has been a lot of work done to improve access to health care, but there is still more work to do in making coverage more affordable. This is something we cannot solve alone and need the help of various stakeholders to bring about meaningful change through focused, collaborative efforts.

**Q: Why not just reduce rates?**

**A:** Our focus is on sustainable solutions that will help improve affordability of health care by treating causes (e.g., unnecessary care), not just symptoms (e.g., premiums) of a high-cost health care system. Dividing this amount across our millions of members would be a very small short-term benefit that would not address larger issues impacting affordability of care and leave underlying issues untreated.

We are investing on behalf of our customers to help create a lower-cost, efficient, and effective health care system.

**Q: What impact, if any, can this and similar initiatives have on health care reform?**

**A:** With this initiative, we are accelerating our efforts to address the root causes of a high-cost health care system. But more must be done by policymakers and regulators to provide certainty to this market, including more predictability and consistency of marketplace rules, as well as legislative solutions for market stabilization. BCBSTX has urged Congress to pass market stabilization, namely a reinsurance program, in order to lower premiums for 2019 and 2020. BCBSTX has also encouraged the Administration not to pursue market rule changes that will lead to further destabilization and higher premiums for consumers.