

HEALTH BENEFITS E-NEWS

Department of Human Resource Management Office of Health Benefits

June 30, 2009

Orthopedic Center of Central Virginia No Longer Participating with Anthem

As of July 1, the Orthopedic Center of Central Virginia in Lynchburg has decided not to participate with the Anthem provider network that includes the COVA Care and COVA HDHP plans. This decision creates an unfortunate situation that may have financial implications for your agency's employees and their families. It means that except in an emergency, members may be responsible for paying all or part of the cost of services received. For those members with out-of-network coverage, benefits will be paid at the out-of-network level, which is the in-network benefit less a 25 percent reduction in the amount the plan will pay for services.

Plan members may seek care from alternate in-network providers in the area, including:

- Roanoke Orthopedic Center, 4064 Postal Drive, Roanoke, VA 24018
- Danville Orthopedic Center, 125 Executive Drive, Danville, VA 24541
- UVA Orthopedic Center, 2270 Ivy Road, Charlottesville, VA 22908

We will update you if the situation changes.

Medicare Secondary Payer (MSP) Debts

Many Benefits Administrators are familiar with requests for payment due to Medicare Secondary Payer debts. These can be in the form of original demand letters from Medicare/CMS (the first collection step), referrals to the US Department of Treasury (usually the second collection step), as well as collection notices (usually the third collection step) that occur as a result of Medicare making primary payment on a claim that they later determine was paid as primary payer in error. Medicare's determination that their primary payment was in error may be correct or incorrect. There are a number of reasons that this can happen, but often it is caused by a health plan participant presenting erroneous information to a medical service provider.

Coordination of benefits (COB) between Medicare and the State Health Benefits Program is usually straightforward. If coverage in the state program is based on active employment (active employment of the employee or dependents covered based on an active employee's eligibility), the state health plan is primary payer. Once active employment ends and the employee becomes a retiree, long-term disability participant or survivor, Medicare generally becomes the primary payer. If a COBRA qualified beneficiary is entitled to Medicare prior to the COBRA election, they may elect COBRA coverage but Medicare will be primary to COBRA coverage. Of course, there could be other issues affecting COB such as other group health plan coverage or eligibility for Medicare due to End Stage Renal Disease, but the above information provides a good basic guideline. Claims administrators are good resources to confirm COB, and DHRM can also offer assistance if there are COB issues that need to be resolved.

Many of our MSP issues are generated by claims for active employees and their dependents, so anything that agencies can do to reinforce the importance of Medicare-eligible employees and/or their Medicare-eligible dependents understanding correct benefits coordination would be greatly appreciated. **However, if you receive any correspondence relating to MSP debt, please forward it to DHRM immediately.** Unfortunately, DHRM is unable to intercept original MSP demands and subsequent MSP activity, and we must rely on employing agencies to send any correspondence to us for handling. Failure of an agency to forward MSP information to DHRM can result in offsets to federal funding for the agency. DHRM has requested that all original demand files are updated with DHRM's contact information, but if the original demand is escalated, the original employer information is reinstated, so immediate resolution is critical to avoiding future contact with the agency.

Thank you for your attention to these issues.

American Recovery and Reinvestment Act (ARRA) Premium Assistance for Retirees

As addressed in BA Memo #09-03, employees who retire in lieu of involuntary termination can be eligible for premium assistance under ARRA. Following is a process to assist you in ensuring that eligible retirees receive information in order to request the subsidy:

- New retirees should be offered COBRA since termination of employment is a qualifying event. This is required by law and should always be offered, even if the employee is electing retiree coverage. The updated (ARRA) notice should be used until the ARRA opportunity expires and is available at: <http://www.dhrm.virginia.gov/resources/benefitsadmin/benefitsadmintoc.html>. (DHRM will update the notice when ARRA should be removed.)
- An eligible retiree can elect retiree coverage and still request premium assistance. They can do so by enrolling in retiree coverage per the normal process and then submitting a Request for Treatment as an Assistance Eligible Individual (a part of their COBRA Election Notice). If an agency receives the request, it should be sent to DHRM along with confirmation that the termination of employment/retirement was involuntary or a dispute of the involuntary termination/retirement. BA Memo #09-04 also includes information about this process.
- Retirees who are eligible for Medicare or other group health plan coverage outside of the state program will not be eligible for premium assistance. The request form provides a box to check if their other coverage is retiree coverage.
- In order to be eligible for premium assistance, the retiree (and other eligible qualified beneficiaries) must have the same coverage offered to active employees and should continue the same plan that they had prior to retirement.
- Retirees approved for premium assistance will have the appropriate part of their retiree premium reduced by 65 percent.
- Any retiree approved for premium assistance will be direct billed for their reduced premium. The reduced premium will not be deducted from a VRS benefit.
- Any premium that is collected by VRS or otherwise paid by the retiree prior to approval of premium assistance will be credited back to the premium assistance start date and any overpayment will be credited toward future monthly premium cost. Applicants will be notified of their approval or denial and, if applicable, the duration of their premium assistance.
- At the end of the premium assistance period, assuming continued eligibility for retiree coverage, they will have their full retiree premium reinstated.

DHRM will handle all aspects of the subsidy request.

Updated COBRA Election Notice Posted on Web Site

The COBRA Election Notice currently posted on the DHRM web site (see link above) has been updated to include new premium rates for July 1, 2009. Please be sure to use the most recent update for your COBRA qualified beneficiaries.

Open Enrollment Report Available Soon

Some of you have asked about the availability of the 2009 Open Enrollment Report which summarizes statewide Open Enrollment activity. It will be posted on the DHRM Web site by mid-July under HR Community, Benefits Administration, Resources on the right sidebar called Highlights.