

HEALTH BENEFITS E-NEWS

*Department of Human Resource Management
Office of Health Benefits*

August 6, 2012

Questions Regarding National Health Reform and Plan Rebates

Employees have asked questions recently about whether the Commonwealth will be providing rebates as part of the medical loss ratio (MLR) provision of the Affordable Care Act. To provide some background information, federal regulations were issued on November 22, 2010 implementing the MLR provision. Beginning in 2011, the law requires insurance companies in the large group market to spend at least 85 percent of premium dollars on medical care and quality improvement activities. Insurance companies that are not meeting the MLR standard will be required to provide rebates to the group policyholder/employer (the Plan). The Plan must ensure that the rebate is used for the benefit of members. Insurance companies must also provide notice of rebates to enrollees and the Plan.

This MLR rule does not apply to employers such as the Commonwealth who operate a self-insured plan. Currently, all plans offered by the State Health Benefits Program are self insured except for the Kaiser Permanente HMO and the TRICARE supplement. In addition, the state's self-insured plans consistently show an MLR above 85 percent.

Kaiser has informed the Office of Health Benefits that it has met the MLR standard, and as a result, will not be issuing rebates to the plan this year. Members enrolled in the TRICARE supplement will need to contact ASI directly at 1-866-637-9911 regarding their status with the MLR standard.

2012 Open Enrollment Report Posted Online

A total of 17,716 Open Enrollment transactions occurred during the 2012 Open Enrollment period, with 12,719, or 72 percent, done using EmployeeDirect. The number of transactions is approximately 17 percent of those eligible for state health benefits. For more details, see the full report at <http://www.dhrm.virginia.gov/resources/benefitsadmin/OpenEnrollmentReport2012.pdf>.

COVA Care Notification of Changes for July 1, 2012

A supply of the July 1, 2012 Notification of Changes to the 2011 COVA Care Member Handbook will be mailed to Benefits Administrators beginning on Aug. 16, 2012. The quantity is based on each agency payroll group location's BES count plus five percent. COVA Care enrollment numbers are provided to every state agency in the Monthly Enrollment Report. Non-Medicare eligible retiree group participants will receive the notification at their home addresses of record. To view the notification, please visit <http://www.dhrm.virginia.gov/hbenefits/hbhandbooks/COVACareAmendmentJuly2012.pdf>.

Medical FRA Contribution Limit Revised in the Active Employee Enrollment Form

The Medical Flexible Reimbursement Account (FRA) contribution limit shown in the Commonwealth's Active Employee Eligibility and Enrollment Form has been revised to reflect the special enrollment change, which returned the amount to \$5,000 from the \$2,500 specified for Open Enrollment. New active enrollment forms are being printed and will be available soon on the 2012 Commonwealth of Virginia Materials Order Form. In the meantime, the form is attached and may be downloaded and printed soon from the DHRM website.

Monthly Incentive Report Available on August 4

As in previous months, the report called "BES-Taxable-Incentives" will be available August 4 in agency HuRman folders. Please share this report with your agency payroll department so that incentives may be processed in a timely manner.

The report includes two separate categories for processing: cash incentive and non-cash incentive. The cash incentive "bucket" is for cash paid directly to the employee, for example the Weight Watchers reimbursement. The non-cash category is for an incentive provided to an employee that is not a direct cash payment, for example a gift card. For additional information, see the March 15 issue of the Health Benefits E-News at <http://www.dhrm.virginia.gov/hbenefits/ohbcommunications/eNews/2012/ENews031512.pdf>.