

For your benefit



October 25, 2010

Annual CMS Medicare Part D Notification Reminder

The Centers for Medicare and Medicaid require employers that offer prescription drug coverage to notify their Medicare eligible participants of the creditability status of the prescription drug plan.

This notification must take place **by November 15th** of every year. While the legislation requires the notice only be sent to the Medicare eligible population, our recommendation is to send the document to all participants in the plan. This includes:

- Medicare eligible working individuals and their dependents;
- Individuals enrolled in Medigap (supplemental) plans with prescription drug coverage;
- COBRA eligible individuals and their dependents;
- Disabled individuals covered under a prescription drug plan;
- Retirees and their dependents

The purpose of this notice is two-fold: first, it informs the participant of the prescription drug plan status as a creditable or non creditable plan. This information is vital to the employee who is contemplating a Medicare Part D Prescription Drug plan during the Medicare Open Enrollment period. The notice also provides proof of coverage, if, at a later date, the participant chooses to enroll in a Medicare Part D plan. The proof of coverage allows the participant to enroll into the Part D plan without a surcharged premium. Note that almost all fully insured plans meet the Minimum Creditable Coverage requirements.

For a sample of the Creditable Coverage Disclosure Notice click the link below:

http://www.cms.gov/CreditableCoverage/Downloads/Model_Creditable_Coverage_Disclosure_Notice_01_01_2009.pdf

Flexible Spending Accounts (FSA) Update

Starting January 1, 2011 you will no longer be able to use your FSA to pay for over the counter (OTC) medications in a pharmacy, supermarket or other retail store without a prescription. This change is part of the Affordable Care Act passed in 2010.

Some OTC supplies such as insulin, bandages, crutches, blood sugar tests and contact lens solutions will continue to be eligible if your FSA plan allows. Your FSA administrator will be notifying you of these changes shortly as modifications to your plan will need to be made if it does not have a January 1, 2011 anniversary date. The FSA administrator will be able to provide you and your employees with a list of those items that will require a prescription and those that you can continue to purchase and be reimbursed for without a prescription.

Health Care Reform Update

The Patient Protection and Affordable Care Act (PPACA) also known as Health Care Reform (HCR) was signed into law on March 23, 2010. Some portions of the law went into effect on September 23, 2010. Here are some of the requirements that must be met as of the effective date of the law:

For your benefit

(Health Care Reform Continued)

Requirement: Children younger than age 19 with pre-existing conditions are covered; no lifetime dollar limits.

Response: These requirements have been included in most fully insured plans in MA for many years.

Requirement: No annual dollar limits on “essential benefits”

Response: Most fully insured plans do not have a dollar limit on essential benefits with the exception of durable medical equipment. Some of the Essential benefits are: ambulatory services, hospitalization, ER, RX, mental health and substance abuse, preventive care and wellness screening, chronic disease management. Most plans on renewal will remove the maximum benefit for durable medical equipment and include a 20% or 30% coinsurance.

Requirement: Specified preventive care services must be covered without a deductible, copayment or coinsurance.

Response: Most plans renewing on or after 9/23/2010 will now have a zero copayment for routine annual physicals, well child visits and routine annual GYN visits. Some will remove the copayment for routine eye exams as well. To offset the cost, some plans will change to a tiered copayment with a lower office visit copayment for primary care physicians and a higher copayment for specialists. Plans with more than 100 employees renewing as of 1/1/2011 may be exempt from this compliance under certain circumstances.

Requirement: Adult children younger than 26 can be covered on their parent’s plan.

Response: Most carriers began this change on June 1, 2010 to avoid confusion with dependents who might be graduating from college and potentially losing coverage at that time. If your dependents are currently covered under your family plan, coverage will continue to age 26 or at such time the dependent is eligible for a group insurance plan through their own employer. If your dependents are not currently covered under your family plan, but are under age 26, upon plan renewal after 9/23/2010 the dependent can be added back onto your family plan until the age of 26.

If you have further questions at this time, please feel free to contact Rosalyn Seale at rseale@proctorandcompany.com or Brian Donovan at bdonovan@proctorandcompany.com

Roz Seale
Rosalyn Seale, RHU
Executive Vice President

Brian Donovan
Brian Donovan
Senior Vice President