

For your benefit



August 25, 2011

Annual Creditable Coverage Reporting

The Medicare Modernization Act (MMA) requires entities (whose policies include prescription drug coverage) to notify Medicare eligible policyholders whether their prescription drug coverage is creditable coverage, which means that the coverage is expected to pay on average as much as standard Medicare prescription drug coverage. For these entities, there are two disclosure requirements:

- The first disclosure requirement is to provide a written disclosure notice to all Medicare eligible individuals annually who are covered under its prescription drug plan, prior to October 15th each year, including a disclosure notice to a Medicare eligible individual when he/she joins the plan. This disclosure must be provided to Medicare eligible active working individuals and their dependents, Medicare eligible COBRA individuals and their dependents, Medicare eligible disabled individuals covered under your prescription drug plan and any retirees and their dependents. The MMA imposes a late enrollment penalty on individuals who do not maintain creditable coverage for a period of 63 days or longer following their initial enrollment period for the Medicare prescription drug benefit. Accordingly, this information is essential to an individual's decision whether to enroll in a Medicare Part D prescription drug plan.
- The second disclosure requirement is for entities to complete the Online Disclosure CMS Form to report the creditable coverage status of their prescription drug plan. The Disclosure should be completed annually no later than 60 days from the beginning of a plan year (contract year, renewal year). Forms can be found at www.cms.gov. Type in "creditable coverage" in the search box.

Most fully insured plans used in Massachusetts qualify as Creditable Coverage.

Preventive Care Co-payments

Under the healthcare reform act that became effective for group medical plans renewing as of 9/23/2010, co-payments for preventive care are no longer required.

There is sometimes confusion as to what constitutes "preventive" care. Preventive care includes annual well person (including GYN exams) or well child physicals and the standard lab tests that are done at that time. Any office visits or lab tests that are done as a follow up with a diagnosis are not considered "preventive" or "routine". Members who have an annual physical and get billed for lab tests or an office visit should check with their provider and their insurance carrier to make sure they are being billed correctly.

For your benefit

Medicare Enrollment

As the working population ages, many active employees are turning 65 and are continuing to work. If your group has more than 20 employees, your over 65 employees (if eligible for your coverage) are allowed to continue on your group plan. For smaller groups employees approaching age 65 may want to consider enrolling in Medicare and a supplemental plan which can help the overall cost of the group and may potentially save the employee premium dollars as well. There are some restrictions regarding the time-frame for enrollment in Medicare. Please contact your service representative at Proctor & Company if you have questions.

2010 Massachusetts Employer Survey

Here are some key points from a survey done by the Massachusetts Division of Health Care Finance and Policy. A full report is available at www.mass.gov/dhcfp.

- More than three-quarters (77%) of MA employers with three or more employees offered health insurance coverage to their employees in 2010 compared with 69% nationwide.
- The majority of employees who are eligible for the employer's health insurance coverage enroll in the plan (75%). The rate is similar among employers of all sizes.
- Employee contributions towards health insurance have been steadily rising. Between 2001 and 2010, the median employee dollar contribution towards premiums tripled.
- The median monthly employer contribution percent was 75% of the cost of an individual health plan and 70% of the cost of a family health plan in 2010.
- Industry sectors with the lowest rates of insurance offers are construction and retail.
- Since 2001, copayments for emergency room visits have more than tripled, copayments for inpatient hospitalization have risen six-fold and copayments for prescription drugs have doubled.

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