

## House Bill 188 Talking Points and FAQ

Effective January 1, 2010, there will be several benefit changes due to Utah legislation.

### About the Basic Health Plan

Insurers are now required to offer a new Basic Health Care Plan that is a federally qualified high deductible health plan (HSA) at the lowest deductible as adjusted by federal law and does not exceed an annual out of pocket maximum equal to three times the amount of the annual deductible.

To comply with this law, we will be adding an additional deductible plan to our Regence HSA Facets portfolio. A new \$1,200 individual deductible and \$2,400 family deductible choice for individual, small and large group plans, including the out-of-pocket maximum of three times the deductible amount, will be offered.

### Basic Health Plan Questions

#### **How often will the deductible and out-of-pocket maximum amounts be adjusted? And, when?**

The amounts may be adjusted on an annual basis. We will apply the new deductible and out-of-pocket maximum amounts as required by law at the group's renewal. Per legal, this does not constitute a discontinuation; all members will be subject to the new amounts.

#### **What size group does this apply to?**

The law required that the option be available to groups of 2-50. It was a business decision to allow all size groups this option.

### About the Utah NetCare Plan

Utah state law now requires insurers to offer alternative health insurance coverage, called Utah NetCare Plan. The NetCare Plans offered by Regence are actuarially equivalent to the mandated NetCare design required by HB 188. For the most part we are offering existing benefits. The options are low-cost plan designs that combine preventive and primary care with catastrophic coverage. NetCare serves three functions:

1. First, it is a low-cost alternative coverage to COBRA and mini-COBRA;
2. Second, it provides a low-cost option for uninsured individuals and small groups; and
3. Third, it is the state's new conversion plan which will replace the existing conversion plan for group members who have exhausted their group extension benefits.

#### **1. NetCare -- As a Low Cost Alternative Coverage to COBRA and Mini-COBRA;**

Effective January 1, 2010, a person may elect alternative coverage if the person is eligible for continuation of employer group coverage under federal COBRA laws; is eligible for continuation of employer group coverage under state mini-COBRA; or is eligible for conversion to an individual plan after the exhaustion of benefits under alternative coverage elected in place of federal COBRA or state mini-COBRA.

Please refer to the **Alternative Coverage – NetCare Continuation and NetCare Conversion** document for complete details.

#### **What are the Eligibility Requirements?**

- If a person elects federal COBRA coverage, or Utah mini-COBRA coverage, the person is not eligible to elect Alternative Coverage until the person is eligible to convert coverage to an individual policy.
- The right to extend coverage applies to any spouse or dependent coverage, including a surviving spouse or dependent whose coverage under the policy terminates by reason of the death of the employee or member.

- If the Alternative Coverage is selected as an alternative to federal COBRA or Utah mini-COBRA, the provisions of Utah mini-COBRA benefits for employer group coverage apply to the Alternative Coverage.

**Extension of Coverage Rights:**

An insured has the right to extend an employee's coverage under the current employer's group policy for a period of 12 months (unless otherwise indicated). The right to extend coverage includes (see **Alternative Coverage – NetCare Continuation and NetCare Conversion** document for complete details):

- voluntary termination
- retirement
- divorce or legal separation
- sabbatical
- leave of absence
- involuntary termination
- death
- loss of dependent status
- any disability
- reduction of hours

The right to extend coverage applies to any spouse or dependent coverage, including a surviving spouse or dependents whose coverage under the policy terminates by reason of the death of the employee or member.

An employee does not have the right to extend coverage under the current employer's group policy if the employee:

- failed to pay any required individual contribution;
- acquires other group coverage covering all preexisting conditions including maternity, if the coverage exists;
- performed an act or practice that constitutes fraud in connection with the coverage;
- made an intentional misrepresentation of material fact under the terms of the coverage;
- was terminated for gross misconduct;
- has not been continuously covered under the current employer's group policy for a period of three (3) months immediately prior to the termination of the policy due to the events described above;
- is eligible for any extension of coverage required by federal law; or
- elected Alternative Coverage<sup>1</sup>.

**Employer Notification Requirements**

The employer is to provide written notification of the right to extend group coverage and the payment amounts required for extension of coverage, including the manner, place, and time in which the payments are to be made to:

- the terminated insured;
- the ex-spouse; or
- if the right to extend coverage applies to any spouse or dependent coverage, including a surviving spouse or dependents whose coverage under the policy terminates by reason of the death of the employee or member to a surviving spouse; and the guardian of surviving dependents, if different from a surviving spouse.

The notification is to be sent by first class mail within 30 days after the termination date of the group coverage to:

- the terminated insured's home address as shown on the records of the employer;
- the address of the surviving spouse, if different from the insured's address and if shown on the records of the employer;
- the guardian of any dependents address, if different from the insured's address, and if shown on the records of the employer; and
- the address of the ex-spouse, if shown on the records of the employer.

### **Premium Amount and Premium Payment**

The payment amount for extended group coverage may not exceed 102% of the group rate in effect for a group member, including an employer's contribution, if any, for a group insurance policy. The insurer is to provide the employee, spouse, or any eligible dependent the opportunity to extend the group coverage at the payment amount if:

- the employer policyholder does not provide the terminated insured the written notification required by Subsection (3)(a); and
- the employee or other individual eligible for extension contacts the insurer within 60 days of coverage termination.

### **Length of Coverage**

The coverage extends without interruption for 12 months and may not terminate if the terminated insured (or, with respect to a minor, the parent or guardian of the terminated insured) elects to continue group coverage within 60 days of losing group coverage and pays the amount required to the employer. The insured's coverage may be terminated prior to 12 months if any of the conditions exist under the "Termination of Coverage" section. The insured's coverage may be terminated prior to 12 months if the terminated insured:

- establishes residence outside of this state;
- moves out of the insurer's service area;
- fails to pay premiums or contributions in accordance with the terms of the policy, including any timeliness requirements;
- performs an act or practice that constitutes fraud in connection with the coverage;
- makes an intentional misrepresentation of material fact under the terms of the coverage;
- becomes eligible for similar coverage under another group policy; or
- the employer's coverage is terminated, except as provided below.

### **Employer Coverage Termination**

If the current employer coverage is terminated and the employer replaces coverage with similar coverage under another group policy, without interruption, the terminated insured, spouse, or the surviving spouse and guardian of dependents, have the right to obtain extension of coverage under the replacement group policy for the balance of the period the terminated insured would have extended coverage under the replaced group policy and if the terminated insured is otherwise eligible for extension of coverage.

### **Exhaustion of Extension Coverage**

Within 30 days of the insured's exhaustion of extension of coverage, the employer is to provide the terminated insured and the ex-spouse, or, in the case of the death of the insured, the surviving spouse, or guardian of any dependents, written notification of the right to an individual conversion policy. The notification is to be sent by first class mail to:

- the insured's last-known address as shown on the records of the employer;
- the address of the surviving spouse, if different from the insured's address, and if shown on the records of the employer;
- the guardian of any dependents last known address as shown on the records of the employer, if different from the address of the surviving spouse; and
- the address of the ex-spouse as shown on the records of the employer, if applicable and shall contain the name, address, and telephone number of the insurer that will provide the conversion coverage.

### **Our Required Notification**

At the end of our implementation, we were notified by the State that we must have a NetCare notice available to:

- all new groups
- all renewal groups
- any members or groups upon request.

We based our letter from the State's template notice and modified it slightly. Barbara Crawford has setup a process for all new and renewing groups to receive a notice. Additionally, she has posted the notices to the following websites below:

- Agent Communications <http://www.ut.regence.com/agent/communication>
- Employer Communications: <http://www.ut.regence.com/employer/communication/>
- Agent Product and Plans: <http://www.ut.regence.com/agent/products/>
- Employer Plan Information: <http://www.ut.regence.com/employer/products/>

## **NetCare Questions**

### **What are the choices for a member facing termination of coverage?**

A COBRA or mini-COBRA eligible member will now have the choice of COBRA or mini-COBRA respectively, a High Deductible NetCare Continuation option or a Low Deductible NetCare Continuation option. If a member chooses a NetCare option, mini-COBRA guidelines will supersede COBRA guidelines, regardless of your group size.

### **What are the requirements under the NetCare plan?**

The member will only be allowed a maximum of 12 months coverage with no additional opportunities for extension based on other qualifying events.

Regardless of when their group plan renews, members eligible for COBRA or mini-COBRA on or after January 1, 2010 may elect one of these plan options. Rates for these new NetCare options, regardless of when groups renew will become available upon request after January 1, 2010.

### **Do the new NetCare alternative coverage offerings only apply to members that are eligible after January 1? Would the offerings apply to someone say that terminated coverage in December?**

It impacts members eligible January 1, 2010 and forward with one exception. If a member's employment was terminated in December, but group coverage extended through December 31, 2009, he/she would be eligible for NetCare. That would only apply if the group coverage carried through December 31, 2009, because his/her effective date of taking the coverage would be January 1, 2010.

### **Do we have a name for these High and Low Deductible options?**

We are referring to these benefits designed for extended coverage as "NetCare Continuation."

### **What are the benefits?**

Because this impacts members eligible for COBRA/Mini-COBRA effective January 1, 2010 regardless of when their group renews, choices are being built on both Legacy and Facets.

- Legacy Low Deductible Option – BluePreferred, \$2,000 deductible, 80% contracting providers /60% non-contracting providers, \$4,000 coinsurance maximum, Mental Health / Chemical Dependency embedded for groups of 2-50 at 50% benefit and for groups of 51+ at 80% contracted providers / 60% non-contracted providers for 51+ groups), Prescription Drug benefit: No deductible, \$5 generics / 20% brand formulary / 50% brand non-formulary and \$3,500 out-of-pocket maximum. Preferred (ValueCare) network.
- Legacy High Deductible Option – BlueEssentials, \$4,000 deductible, 70% contracting providers /55% non-contracting providers, \$5,000 coinsurance maximum, Mental Health / Chemical Dependency embedded for groups of 2-50 at 50% benefit and for groups of 51+ at 70% / 55%. Prescription Drug benefit: No deductible, generics / 20% brand formulary / 50% brand non-formulary and \$3,500 out-of-pocket maximum. Preferred (ValueCare) network.
- Facets Low Deductible Option - Innova, 4 up-front visits, \$20 category 1 /\$35 category 2 copay, \$2,000 deductible, 70% category 1 / 55% category 2 /55% category 3 providers, \$3,000 coinsurance maximum, Mental Health / Chemical Dependency embedded for groups of 2-50 at 50% benefit and for

groups of 51+ at 70% category 1 / 55% category 2 & 3, Prescription Drug benefit: No deductible, \$5 generics /\$25 brand formulary /\$50 brand non-formulary, with \$3,000 out-of-pocket maximum.

- Facets High Deductible Option – Innova, 4 up-front visits, \$20 category 1 /\$35 category 2 copay, \$3,000 deductible, 70% category 1 / 55% category 2 /55% category 3 providers, \$6,000 coinsurance maximum, Mental Health / Chemical Dependency embedded for groups of 2-50 at 50% benefit and for groups of 51+ at 70% category 1 / 55% category 2 & 3, Prescription Drug benefit: \$500 deductible, \$10 generics / 35% brand formulary /50% brand non-formulary and \$5,500 out-of-pocket maximum (includes deductible).

#### **Could a member elect NetCare medical with COBRA dental?**

Where separate entities are contracted to provide medical coverage (RBCBSU) and dental coverage (SelectHealth) and active employees are able to choose between both coverages, medical only, dental only, or no coverage, that would be regarded as two separate plans. In that situation, there probably could be a Netcare medical election and COBRA dental election.

- Where the same entity is contracted to provide both medical and dental coverage and active employees are able to choose between both, medical only, dental only, or no coverage, the choice would be between COBRA continuation of medical and dental or Netcare continuation of medical only (i.e., no dental).
- If active employees have a choice only between combined medical and dental coverage or no coverage, I think that strongly suggests that there is a single plan, even if different vendors are used for the medical and dental pieces. I think the choice would be between COBRA continuation of medical and dental or Netcare continuation of medical only (i.e., no dental).

#### **When a member is on COBRA or mini-COBRA and the group changes benefits at renewal the member would change benefits right along with the group. Would the same requirements apply to state NetCare alternative coverage for COBRA and mini-COBRA?**

Yes. For instance if a group changes from a legacy product to a CP-SS product, the member would move to the CP-SS corresponding (High / Low deductible) NetCare alternative product.

#### **Can the legacy NetCare plans be discontinued with the rest of the sell-over?**

Yes, as long as the discontinuation is done uniformly the legacy NetCare plan(s) would be discontinued as part of the sell-over.

#### **Would the subsidy apply to the NetCare Continuation?**

NetCare will not be eligible for the subsidy.

#### **How will groups get notified of NetCare?**

A mailing is being sent on December 4. The mailing will include a cover letter introducing HB188. Also included will be a comparison of NetCare vs mini-COBRA and COBRA. Each group will get a benefit comparison of the High and Low Options, whether the group is currently on Legacy or Facets respectively, along with a reminder of their Employer Responsibilities for mini-COBRA and COBRA. These documents will also be housed on the Employer website.

#### **How will groups get quotes for the new options?**

Beginning January 1, 2010, groups will be able to contact Sales. Sales will run the options in CRM. The options will need to be manually loaded until the group's renewal.

#### **Are the NetCare choices available for out-of-state employees?**

Yes, per Thom Hartford. This means that out-of-state employees can enroll but if an in-state employee moves out, then he/she must be terminated. When they become eligible for conversion, though, which is an individual product and for which a different NetCare will serve as the product, we would transfer them to the local Blue plan as we do currently with out-of-state conversions.

## **2. NetCare – as a Low Cost Option:**

- State law requires and specifies the Utah NetCare Plan benefit design; however, an important feature of the law allows insurers to file and offer actuarially equivalent plans. As a business decision we elected the latter and are using existing benefit options that are actuarially equivalent to the NetCare plan design.
- We will not be actively promoting the NetCare low cost options outside of the portal.
- For group business, we have elected the two Facets products listed above.
- Following are the Individual options::
  - Facets Low Deductible Option – Enhanced Plan, \$1,500/\$3,000 deductible (new amount), 80/60, \$5,000 coins max, RX - \$10 copay for generic drugs, \$500 deductible, 50% coinsurance for brand and \$5,000 calendar year limit for all drugs.
  - Facets High Deductible Option – Enhanced Plan, \$4,000/\$8,000 deductible (new amount), 80/60, \$5,000 coins max, RX - \$10 copay for generic drugs, \$500 deductible, 50% coinsurance for brand and \$5,000 calendar year limit for all drugs.

## **3. NetCare -- As the New Conversion Option**

- This product replaces the existing Conversion option. It will be made available beginning January 1, 2010 when a member's COBRA or mini-COBRA benefits have been exhausted. It will also serve as the Interplan Transfer option.
- ValueCare network.
- New name is NetCare Conversion, due to filing deadlines it is being built on the Legacy system.
- The benefit is almost identical to the current Individual BlueAdvantage Coinsurance product but with a \$3,000/\$6,000 deductible and \$5,000/\$10,000 out-of-pocket maximum. The accidental death benefit is not included. A \$5,000 maternity copayment is included. Members can obtain the highest benefits by using the ValueCare network.
- A business decision has not been made yet on the existing Conversion membership. Currently these members will keep their existing benefits.
- Within 30 days of the insured's exhaustion of extension of coverage (mini-COBRA or Alternative Coverage), the employer needs to provide written notification of the right to an individual conversion policy.

## **About the Utah Internet Portal**

Legislation passed this year calling for the creation of a state Internet Portal to provide consumer information on health plans. Regence will be participating on the Portal and offering a select list of existing products. Those employers who enrolled during the first open enrollment with the Utah Internet Portal may elect to send its employees to the new defined contribution market to purchase a health plan from any participating insurer. The Portal will offer another open enrollment period for employers in the spring of 2010.

Utah's Internet Portal has three parts:

- First, it provides consumer information regarding health plans;
- Second, it requires all insurers to offer a base HSA plan for comparison purposes on the marketing part of the Portal with the opportunity for an insurer to include any other plan it wants to for individuals and small groups; and,
- Third, it offers an employer the opportunity to participate in a defined contribution market where it will be possible for employees to select a health plan from any participating insurer.