

# P/NW Health Benefits Consortium

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<http://www.pnwboces.org/hbc/hbc.htm>

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## New Laws Extend Continuation Coverage

New laws were recently signed in New York that provide extensions for individuals who would otherwise lose their health insurance coverage. These laws take effect January 1, 2010.

### **COBRA 36-Months**

Generally, under federal law, individuals who lose their health insurance coverage due to termination of employment or reduction of hours are entitled to continuation coverage for a period of 18-months. The new, NY legislation extends this period to 36-months. The cost for COBRA continuation coverage is generally 102% of the standard premium. If involuntarily terminated, members may be eligible for a 65% subsidy for up to 9-months.

### **Extended Coverage for Dependent Children Through Age 29**

Another new law provides that dependent children may continue coverage through age 29.

Under the current plan, dependent children between the ages of 19 and 25 who are unmarried, financially dependent upon their parents for support and enrolled as full-time students may remain on their parent's coverage. Children who no longer meet the eligibility requirements are offered COBRA continuation coverage for up to 36-months.

Under the new law, extended coverage will be allowed for the greater of 36-months or until the individual reaches age 30, whichever comes later. The cost for extended coverage is generally 100% of the cost for an individual plan.

- The dependent child must be unmarried and not be insured or eligible for coverage under any employee health benefit plan or Medicare as an employee or member.
- An individual who wishes to elect continuation coverage under this law must
  - inform the employer's benefits office, in writing, within sixty(60)-days following the date coverage would otherwise terminate due to age or no longer meeting the eligibility criteria; or
  - Within sixty (60)-days after meeting the requirements for dependent status when coverage for the dependent child previously terminated; or
  - During an annual thirty (30)-day open enrollment period ( November 1-30 with following January 1 effective date); or
  - During an initial 12-month prospective election period.

## Student Certifications

Dependent children who are age 19-25, unmarried, financially dependent upon their parents and enrolled as full-time students must certify their eligibility each semester. Student certifications will be sent at the start of each semester. If your child needs a form and has not already received one for the fall 2009 semester, please contact your district's benefit office.

Dependent children who do not qualify for student dependent coverage may be eligible for extended coverage. In the event that a dependent child is unable to continue as a full-time student due to medical reasons, s/he may be eligible for continued coverage as a temporary disabled dependent for up to 1-year. A physician's certification may be required.

## Retirees (and Spouses) Must Enroll in Medicare

Your health plan generally requires retirees, and their spouses, who are eligible for Medicare to enroll in Parts A and B as soon as possible. This includes retirees, and their spouses, who are eligible for Medicare on the basis of Social Security Disability, even if under age 65. Members do not need to enroll in Part D.

Failure to enroll in Parts A and B may result in lack of coverage by either Medicare or the Consortium's Health Plan, or both. Additionally, it may result in higher Medicare premiums when you finally do enroll.

Retirees who are covered under a spouse who is actively employed elsewhere may still be required to enroll in Medicare. **This may be true even if the other employer's plan or Medicare tells you that you need not enroll in Medicare. If you have questions, please contact the Office of Risk Management at 914-248-2456 before declining Medicare.**

## Mental Health Parity Exemption

Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, as amended, group health plans must generally comply with the federal benefits requirements listed below.

- Limitations on preexisting conditions;
- Special enrollment periods;
- Prohibitions against discriminating based upon health status;
- Standards relating to benefits for newborns and mothers;
- Parity in the application of certain limits to mental health benefits;
- Reconstructive surgery following mastectomy.

However, the law also permits State and local governmental employers that sponsor health plans to elect to exempt a plan from any, or all, of these requirements for any part of the plan that is "self-funded" by the employer, rather than provided through a health insurance policy. **Putnam/Northern Westchester Health Benefits Consortium is self-funded and has elected to exempt the Plan from the following requirement:**

### Parity in the application of certain limits to mental health benefits.

Group health plans (of employers that employ more than 50 employees) that provide both medical and surgical benefits and mental health or substance use disorder benefits must ensure that financial requirements and treatment limitations applicable to mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements and treatment limitations applicable to substantially all medical and surgical benefits covered by the plan.

The exemption from this Federal requirement will be in effect for the period January 1, 2010 – December 31, 2010. The election may be renewed for subsequent plan years.

**Please note that this exemption will not reduce your current benefit in any way. All mental health benefits currently provided will be maintained.**

HIPAA also requires the Plan to provide covered employees and dependents with a "certificate of creditable coverage" when they cease to be covered under the Plan. There is no exemption from this requirement. The certificate provides evidence that you were covered under this Plan, because if you can establish your prior coverage, you may be entitled to certain rights to reduce or eliminate a preexisting condition exclusion if you join another employer's health plan, or if you wish to purchase an individual health insurance policy.

# Putnam/Northern Westchester Health Benefits Consortium

October 2009

## Important Notice

### For Medicare Eligible Members About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Putnam/Northern Westchester Health Benefits Consortium and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. A certified actuary with Aquarius Capital, an independent employee benefits consulting firm, has determined that the prescription drug coverage offered by the Consortium is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

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Because the coverage provided by the Consortium is, on average, at least as good as standard Medicare prescription drug coverage, you can keep this coverage, not enroll in a Medicare Part D drug plan and, generally, not pay a higher premium (a penalty) if you later decide to join a Medicare Part D drug plan.

## **When Can You Join A Medicare Drug Plan?**

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15<sup>th</sup> through December 31<sup>st</sup>.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

## **What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?**

If you decide to join a Medicare drug plan, your current coverage will not be affected; however it will be coordinated with Medicare Part D coverage.

## **When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?**

You should also know that if you drop or lose your current coverage with Putnam/ Northern Westchester Health Benefits Consortium and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

### **For more information about your options under Medicare prescription drug coverage.....**

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit [www.medicare.gov](http://www.medicare.gov).
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help.
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember:**

**Keep this, and prior, Creditable Coverage notices.**

**If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and whether or not you are required to pay a higher premium (a penalty).**

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