

PATH *Ways*

Quarterly Newsletter

Enrollment Season in the Age of Health Reform



Admin America, Inc.

Superior Benefits Administration Since 1988

Welcome and Thank You!

Admin America is pleased to present you with our new PathWays quarterly newsletter. In bringing this new publication to our clients and the benefits professionals that we partner with, our hope is that each of you will find information that is relevant to your job presented in a format that is easy to review and understand. We also hope that bringing this information to you in a brief printed newsletter format will allow you to hang on to this information so that it can be consulted in the future if the need arises.

As we go to press with this edition, the November elections have significantly altered the political balance in Congress. We won't pretend to know what the ramifications of that change will be for health care reform in the coming months and years. Discussions of what may happen in 2011 may make for interesting political chatter but more importantly, many of us are covered by health plans with renewals and open enrollments that are right now. Therefore, we think it is most useful to focus on the effects of the Patient Protection and Affordable Care Act (PPACA) that are already in force or that become applicable as of your plan's next anniversary.

We also want to bring to your attention several other recently effective federal mandates that impose additional obligations on the sponsors and administrators of employee benefit plans. These include the Mental Health Parity Act, the HITECH Act, and the Medicare Secondary Payer (MSP) reporting requirements.

Lastly, we wanted to pass along some tips to those of you that utilize Flexible Spending Arrangements to help you boost the participation rates in your plans. Increased participation means additional employer savings in the form of reduced payroll taxes. We offer several simple steps that employers can utilize to maximize their share of the tax savings FSAs provide.

Thank you again for allowing Admin America to be a resource for your employee benefits administration needs. We look forward to presenting the next edition of PathWays to you in the first quarter of 2011. In the interim, please remember that we provide more frequent benefit related updates through our website (www.adminamerica.com) and through Facebook as developments warrant. Of course, if you have any questions about the information provided in this newsletter or any other aspect of how federal law affects your employee benefit plans, please feel free to call on Admin America for assistance.

Sincerely,
Trey Tompkins
President
Admin America

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America**

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Health Reform and More: the 2010-2011 Enrollment Checklist

THE BOTTOM LINE: The Patient Protection and Affordable Care Act (PPACA) requires significant changes to plan documents and adds new notice requirements for group health plans with plan years effective on or after September 23, 2010 (January 1, 2011 for calendar year plans).

Plan Changes Required by PPACA (Regardless of Grandfather Status)

All group health plans must comply with the following requirements, regardless of the plan's status as a "grandfathered" health plan, beginning on or after September 23, 2010 (January 1, 2011 for calendar year plans).

Dependent Coverage Until Age 26

A group health plan providing dependent coverage for children must make such coverage available for children up to age 26 without regard to their financial dependency, residency, marital or student status. The cost and benefits associated with the dependent coverage cannot vary based on the age of the child (except for children age 26 or older). However, for plan years beginning before January 1, 2014, health plans that are grandfathered for purposes of PPACA do not have to extend coverage to adult children who are eligible to enroll in another employer-sponsored health plan (other than a group health plan of a parent).

Non-Prescription Over-The-Counter ("OTC") Medicines

After January 1, 2011, all over-the-counter medicines (except insulin) will require a prescription in order to be reimbursable from a Flexible Spending Account, Health Savings Account or Health Reimbursement Arrangement. The IRS has provided a helpful video on YouTube:
<http://www.youtube.com/watch?v=wWN4XF5NuVg>

No Pre-Existing Condition Exclusions

Pre-existing condition exclusions are not permitted with respect to covered individuals who are under 19 years of age. This will extend to all plan participants for plan years beginning on or after January 1, 2014.

Rescission Limitations

Plan coverage may not be rescinded retroactively except in cases of fraud or intentional misrepresentation.

No Lifetime Limit

A group health plan may not impose lifetime limits on the dollar value of coverage provided under the plan.

No Annual Limits on Essential Health Benefits

Annual limits are prohibited; however, under a three-year phased approach a group health plan may apply restricted annual limits for plan years beginning before January 1, 2014. For the plan year beginning on or after September 23, 2010 but before September 23, 2011, the dollar value of essential health benefits must not be less than \$750,000.

Required Plan Changes Affecting Non-Grandfathered Plans

Group health plans that are not grandfathered for PPACA purposes must comply with the following additional requirements:

Coverage of Preventive Care

A group health plan must provide benefits for preventive health services and may not impose any cost-sharing requirements on participants with respect to in-network preventive health services.

Revised Internal and External Claims Procedures

Regulations impose new requirements on the internal claims procedures for adverse benefit determinations. If a claimant's appeal is denied, he/she is now entitled to an external review of that determination.

Patient Protections

The group health plan must implement the following patient protections:

- If the group health plan requires or provides for designation of a participating primary care provider, each participant must be permitted to designate any in-network primary care physician who is available to accept such individual.
- Participants must be provided with direct access to in-network obstetrical or gynecological care without a referral.
- Prior authorization or increased cost sharing for out-of-network emergency services is prohibited.

Clinical Trial Coverage

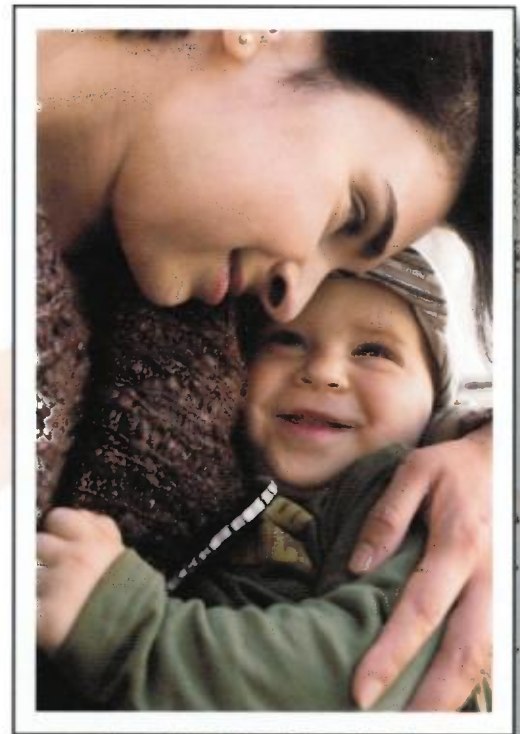
Coverage for participation in clinical trials for "qualified individuals" is required.

Mental Health Parity Act

Subject to certain limited exceptions, the Mental Health Parity Act prohibits a group health plan that provides mental health and substance abuse benefits from imposing special caps or limits on benefits related to mental health treatment or substance use disorders. These requirements were effective in 2010 for most plans but detailed regulations were not issued until February 2, 2010. Therefore, a review of mental health and substance abuse benefits may be needed in order to ensure compliance with the regulations.

HITECH Act

The Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH") set forth new rules for protection of personal health information ("PHI") held by providers, group health plans and other covered entities. Beginning on February 17, 2010, a plan's business associates are: (i) directly responsible for their own compliance with HIPAA's privacy and security requirements; (ii) required to provide the plan with notice of their own breach; and (iii) subject to the new enforcement provisions, in contrast to the prior rule which required only a contractual obligation to the plan. Group health plans must revise their business associate agreements to reflect these changes.



New Notices Required by PPACA

Grandfathered Status

In order to maintain grandfathered status under PPACA, a group health plan must disclose that the plan or coverage is a grandfathered health plan under PPACA. Model language provided by the Department of Labor to satisfy this disclosure requirement is available at <http://www.dol.gov/ebsa/grandfatherregmodelnotice.doc>.

Enrollment Opportunity for Dependent Children Age 26

A plan must give each child whose coverage ended or who was denied coverage because the availability of dependent coverage of children ended before attainment of age 26, an opportunity to enroll for plan coverage during a period of not less than 30 days and provide written notice of this enrollment opportunity. Model language provided by the Department of Labor to comply with the required notice of this enrollment right is available at <http://www.dol.gov/ebsa/dependentsmodelnotice.doc>.

No Lifetime Limit and Enrollment Opportunity

A plan must give written notice to current participants who are not eligible for additional benefits because they previously reached the lifetime limit on benefits. Model language provided by the Department of Labor is available at <http://www.dol.gov/ebsa/lifetimelimitsmodelnotice.doc>.

New Patient Protections

A group health plan that is not grandfathered for PPACA purposes is required to notify participants of their rights (i) to choose a primary care provider or pediatrician if designation of a primary care physician is required; or (ii) obtain in-network obstetrical or gynecological care without prior authorization. Model language provided by the Department of Labor to satisfy this requirement is available at <http://www.dol.gov/ebsa/patientprotectionmodelnotice.doc>.

HITECH Act

HITECH imposes specific obligations on group health plans to promptly notify affected individuals in the event of a breach of unsecured PHI. Plans must also file an annual report with HHS disclosing all of such breaches for the year.

Note: The notices above are in addition to those currently required which pertain to COBRA, HIPAA Privacy, Special Enrollment Rights, Preexisting Condition Exclusions, the Women's Health and Cancer Rights Act, Medicare Part D and CHIP Premium Assistance.

Penalties Steep for Those Who Ignore MSP Reporting

THE BOTTOM LINE: The penalty for failing to report MSP information correctly is \$1000 per day for every day the person is not reported.

The final deadline for the first required quarter of MSP Reporting (4th Quarter, 2010) has passed and many administrators are reporting a lack of urgency on the part of many employers to be in compliance. According to Rick Patrick of Patrick Consulting Group in Ohio, "There just isn't the urgency you might see for something like COBRA, because everyone has heard at least one COBRA horror story. Employers are just not taking it seriously and they should. If not, they could end up with hefty penalties."

Don't put off MSP Reporting any longer. Add MSP data collection to your enrollment checklist and gain some peace of mind.

Communicate Well and Increase FSA Participation

THE BOTTOM LINE: To boost your FSA participation rate, communicate the benefits well, again and again.

Nationwide, only 20% of eligible employees will elect to participate in their company's Flexible Spending Account in an average year. It goes without saying that increasing that participation rate is a win-win situation for both you and your employees. Below are steps you can take right now – many of which require no plan revisions – to boost FSA participation during your next enrollment period.

Debit Cards and Grace Period

Perhaps the single most effective method to increase participation is to offer the FSA Debit Card. The debit card directly addresses two of the strongest objections to FSA participation – having to file claims, and having to wait on reimbursements. Fear of the “use it or lose it” provision – a third major objection – can be alleviated by adopting a Grace Period for your plan. If you aren't already taking advantage of these methods, which would require plan revisions, let us demonstrate how they might be put to work for you.

Communication and More Communication

The more an employee knows about the uses and benefits of FSA participation, the more likely he is to elect. *Holding structured enrollment meetings that include an FSA presentation, for example, has been proven to increase participation by as much as double.* Create a communication plan to inform your employees about the FSA based on what would be most effective given your company culture. Group enrollment events, one-on-one meetings, savings calculator worksheets and web tools, eligible/ineligible flyers, newsletter articles, handouts, posters, and payroll stuffers are among the methods employers use to engage employee interest in FSA participation.

And when informing prospective participants, don't forget to be thorough. Good communication is everything. Employees may understand that FSA participation will save them on taxes, but many are surprised at just how much; if you don't already provide savings calculator worksheets or web tools, consider adding these. Prospective participants may not recognize that FSA funds can be used to reimburse for the expenses of any tax dependent, not just group health policy dependents ... that the Uniform Coverage rule allows access to the entire annual election at any point in the plan year as needed ... that FSAs can be used to reimburse for dental and vision expenses as well as medical.

If you've already committed to offering an FSA, you know they are a good thing. The only way to make them better is to increase participation and the best way to do that is to communicate the benefits **well and often**. That will increase buy-in and from that point on, word of mouth will more than do its part to keep the participation rate high.



NEW ONLINE CLAIMS ENTRY & FAX RECEIPT CONFIRMATION

Admin America, Inc. is pleased to announce our new service for online claims entry including a new fax claim service that automatically confirms receipt of your fax via email.

The new online claim and fax service is available to any of Admin America's employer groups. After the service is activated by request of the employer, any plan participant can log into their FSA account via the web to enter their claim details into the online claim transmittal form. After completion, print the claim form and fax it with all receipts to the special toll-free fax number printed on the transmittal form.

The best feature of the service is that participants will automatically receive an email confirmation that their claim fax has been received by Admin America. In addition to fax receipt confirmation plan participants will:

- Not have to complete claim forms by hand;
- Have claims processed more quickly;
- Not have to wonder if a fax has been received; and,
- Be able to view all claims submitted via this service online.

If you are interested in learning more about this exciting new service and how it could work for your group, please send an email to onlineclaims@adminamerica.com.

WHAT IS NEW FOR FSAs IN 2011?

Admin America wants to make you aware of several items becoming effective on January 1, 2011 including health reform reminders and internal procedure improvements.

- Effective 1-1-2011, there is a change in the way over-the-counter expenses can be reimbursed. On January 1st OTC medications will require a doctor's prescription to be eligible for reimbursement from an FSA, HRA or HSA.
- Admin America sends out a complete re-enrollment package including personalized paper copies of all forms, handouts, etc. to all groups approximately 3 months prior to the end of the current plan year. For Plans renewing 1-1-2011, packages were mailed October 8th.
- Effective immediately, Admin America strongly urges you to submit all re-enrollment data to us via Excel spreadsheet. The advantages include faster input and elimination of data entry errors. Please email us to request a copy of our pre-formatted spreadsheet.
- In 2010, Admin America began offering weekly reimbursement check processing under certain conditions. If you would like to offer weekly reimbursements to your employees all you have to do is request that Admin America prepares reimbursement checks on a company bank account with a digital signature. Admin America will print checks with the digital signature and mail them directly to plan participants every week with no additional charge.

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