

THE LOCAL CHOICE E-NEWS

Department of Human Resource Management State and Local Health Benefits Programs

August 20, 2012

Questions Regarding the Affordable Care Act and Plan Rebates

Employees have asked questions recently about whether The Local Choice (TLC) employers will be providing rebates as part of the medical loss ratio (MLR) provision of the Affordable Care Act. To provide some background information, federal regulations were issued on November 22, 2010 implementing the MLR provision. Beginning in 2011, the law requires insurance companies to spend 80-85 percent of premium dollars on medical care and quality improvement activities. Insurance companies that are not meeting the MLR standard will be required to provide rebates to the group policyholder/employer (the Plan). The Plan must ensure that the rebate is used for the benefit of members. Insurance companies must also provide notice of rebates to enrollees and the Plan.

This MLR rule does not apply to employers who operate a self-insured plan, such as TLC. Currently, all plans offered by TLC are self insured except for the Kaiser Permanente HMO and the TRICARE supplement. In addition, the TLC self-insured plans consistently show an MLR above 95 percent.

Kaiser has informed the Office of Health Benefits that it has met the MLR standard, and as a result, will not be issuing rebates to the plan this year. Members enrolled in the TRICARE supplement will need to contact ASI directly at 1-866-637-9911 regarding their status with the MLR standard.

Medco Becomes Express Scripts on September 1

Express Scripts, Inc. and Medco completed their merger on Apr. 2, 2012. On Sept. 1, 2012, the combined company will be known as Express Scripts. The company will continue as the third party prescription drug administrator for The Local Choice (TLC) Key Advantage health plans. Key Advantage members will:

- Receive their medications without changes to the pharmacy benefit or retail pharmacy network. No action is needed.
- Call the same number currently listed on their plan ID card or home delivery bottle for refills or pharmacy-related questions.
- Continue to use the Accredo specialty pharmacy if applicable to them.
- Continue to use the Medco website at www.medco.com and the mobile app if they have that option.

If you have questions, please contact the Office of Health Benefits at ohb@dhrm.virginia.gov or call toll free 1-888-642-4414 or (804) 225-3642 in Richmond.

Walgreens to Re-Enter TLC HDHP Pharmacy Network

Express Scripts and Walgreens have reached an agreement for Walgreens to participate in the TLC HDHP retail pharmacy network. As a result, TLC HDHP members will be able to use their pharmacy benefit at Walgreens stores beginning Sept. 15, 2012.

Walgreens-owned pharmacies, such as BioScrip, Duane Reade and Happy Harry's will also be considered part of the pharmacy network. This new arrangement gives COVA HDHP members access to more than 64,000 in-network retail pharmacies across the country.

Anthem, which administers the TLC HDHP plan, is working with Express Scripts to ensure a smooth transition for members who may wish to transfer their prescriptions to Walgreens. In most cases, members may simply take their medicine bottle to the new drug store.

Flu Shot Program Planned Again for This Fall

The Local Choice (TLC) health benefits program will once again offer TLC health plan members free flu shots at participating network pharmacies beginning in the early fall of 2012. Prescription drug program vendors are currently working to confirm the pharmacies that will be participating in the program. Details will be coming soon. As in previous years, the 2012-13 seasonal flu vaccine will be covered under the wellness and preventive care provisions of the program.