

# Program Overview and Instructions

The Local Choice (TLC) is pleased to provide your health care program renewal for July 1, 2011 (October 1, 2011 for certain school groups).

The following plans will be offered.

- ✓ Key Advantage Expanded
- ✓ Key Advantage 250
- ✓ TLC HDHP (HSA compatible High Deductible Health Plan)
- ✓ Medicare Eligible Supplemental Plans (if offered to your employees)
- ✓ Key Advantage 500
- ✓ Key Advantage 1000
- ✓ Kaiser Permanente HMO (in certain service areas)

## **Key Advantage Plans (statewide)**

- Claims are administered by:
  - Medical and Routine Vision: Anthem Blue Cross and Blue Shield
  - Behavioral Health: ValueOptions, Inc.
  - Pharmacy: Medco Health Solutions, Inc.
  - Dental: Delta Dental of Virginia

## **TLC HDHP (statewide)**

- All claims administered by Anthem
- While this is an HSA (Health Spending Account) compatible plan, TLC does not provide the HSA account.
- Routine vision benefits are not available under this plan.
- Dental coverage is provided with a separate deductible.

## **Kaiser Permanente HMO (regional)**

- A fully insured HMO, it is available in Fredericksburg, Northern Virginia, Washington D.C. and parts of Maryland.

## **Medicare Eligible Plans**

- Medical and vision claims are administered by Anthem. Dental is administered by Delta Dental of Virginia.

## **Choice of Plans – Statewide and Regional**

Most employers may select a combination of plans.

- Groups with 25 or fewer eligible employees may offer only one benefit plan.
- Groups with 26 to 100 eligible employees may offer two plan options.
- Groups with more than 100 eligible employees may offer two Key Advantage plans plus the HDHP and/or the Regional plan (if available).

At renewal, an employer may change the definition of eligible employees and retirees so long as the change coincides with their published personnel practices. Written request of any changes must be submitted to the Department of Human Resource Management (DHRM) with your Renewal Employer Data Sheet (located in Section 3). DHRM will review the changes for compliance with state regulations.

Following is a high level description of the plans offered by TLC. More details can be found in the Benefit Summaries and Comparison of Benefits brochure found later in this renewal.

## **Key Advantage – Statewide Plans:**

### **Medical & Routine Vision Services from Anthem**

Comprehensive medical and routine vision benefits (through Blue View Vision) are covered in the Key Advantage plans.

While members receive the highest level of benefits when visiting an in-network provider, Key Advantage plans also provide out-of-network coverage for covered medical services with additional deductibles and/or coinsurance.

These plans also allow for medical care when traveling outside Virginia through the Blue Card program.

### **Behavioral Health Services from Value Options**

As with medical services, members receive the highest level of benefits when visiting an in-network provider for behavioral health services. All Key Advantage plans offer out-of-network behavioral health services with additional deductibles and/or coinsurance.

Prior authorization of benefits is not required but is highly recommended. Members should contact ValueOptions to confirm medical necessity and avoid deductibles and coinsurance for services received outside the network.

Under the Employee Assistance Program (EAP), members receive up to four visits per incident at no cost. The EAP is only available in-network through ValueOptions. Prior to receiving behavioral health or EAP services, members should contact ValueOptions.

### **Dental Services from Delta Dental of Virginia**

Preventive, primary and major restorative dental benefits with orthodontia are provided through Delta Dental of Virginia. You are not required to use an in-network provider for dental. However, members pay less when using an in-network dentist. Non-network providers may balance bill members for charges in excess of the negotiated discounts.

### **Outpatient Prescription Drug Benefits from Medco Health Solutions**

Our plan is a mandatory generic drug program through Medco. If members receive a brand name drug when a generic equivalent is available they are responsible for the applicable copayment plus the difference between the allowable charge for the generic equivalent and the brand name drug.

Prescription drugs are divided into three co-payment tiers, depending upon the type of drug.

- First Tier – Typically generic drugs - \$10 co-pay for up to a 34 day supply
- Second Tier – Lower cost brand drugs - \$20 co-pay for up to a 34 day supply
- Third Tier – Higher cost brand drugs - \$35 co-pay for up to a 34 day supply

Home Delivery is available through the outpatient prescription drug benefit. Up to a 90-day supply is available through home delivery at two times the co-pay for a 34-day supply.

## High Deductible Health Plan (HDHP) – Statewide Plan:

Medical, behavioral health and EAP, prescription drugs, and dental benefits are administered by Anthem. There is a separate deductible for the dental benefits.

Preventive medical care is covered with no deductible or coinsurance. All other covered medical, behavioral health and prescription services are subject to the \$1,500 employee and \$3,000 family, plan year deductible and 80/20 coinsurance. Note that the fourth quarter deductible carry over is not available with HDHP.

The HDHP provides only in-network coverage except in the event of a life-threatening emergency.

## Kaiser Permanente HMO – Regional Plan:

Kaiser Permanente offers a regional HMO plan in Northern Virginia, Fredericksburg, Washington D.C., and parts of Maryland. The regional HMO through Kaiser Permanente is only available in certain areas. If your notebook does not contain Kaiser information it is because you are not within the Kaiser service area.

A detailed outline of the service area and benefits may be found in the Kaiser HMO benefits summary. Mental illness and substance abuse, EAP, prescription drug and dental coverage are included in the Kaiser plan.

The Regional plan offers only blended rates to Retirees Not Eligible for Medicare. Coverage for Retirees Eligible for Medicare or Medicare eligible dependents of retirees is not available. Groups must offer a Key Advantage plan if they wish to provide our Medicare supplement. Coverage must be offered to Retirees Not Eligible for Medicare in order for a group to offer coverage to Retirees Eligible for Medicare.

## Coverage for Retirees Not Eligible for Medicare:

Retiree coverage is available but not automatically provided

All groups in our 49 and under pool receive rates that automatically incorporate blended premiums. In a blended program, Active Employees and Retirees Not Eligible for Medicare will have the same rates. If a local employer, with 50 or more participating employees, offers coverage to Retirees Not Eligible for Medicare, they may blend that premium with the Active Employee premium or elect Stand-Alone rates. With Stand-Alone rates, Retirees Not Eligible for Medicare will pay two times the Active Employee rates. The TLC Local Administrative Manual states that once a premium is blended, it may not revert to Stand-Alone status. Blended rates are only available at plan anniversary. Although allowed, no employer contribution is required for retiree coverage.

## Medicare-Eligible Supplemental Plans for Retirees:

A group must offer coverage to Retirees Not Eligible for Medicare if they wish to provide coverage for Retirees Eligible for Medicare. A local employer may add retiree coverage by submitting a written request to DHRM along with an approved resolution from their Board or Governing Body.

For groups currently offering coverage to Retirees Eligible for Medicare, the Medicare Complementary, Advantage 65-Medical Only and Advantage 65 with Dental/Vision plans continue to be available. Medical and routine vision benefits are administered by Anthem, and dental benefits by Delta Dental.

Groups adding retiree benefits to their program for the first time may offer only Advantage 65-Medical Only or Advantage 65 with Dental/Vision.

A local employer may also add Dental/Vision coverage to a current Advantage 65 contract. Once added, however, it may not be removed.

**Prescription drug coverage is not available in any of the Medicare-Eligible plans.**

**It is important to remember that a local employer may select only one plan for Retirees Eligible for Medicare. These plans are available only if your Active Employees are enrolled in a statewide self-funded plan and you elect to offer coverage to both Retirees Not Eligible for Medicare and Retirees Eligible for Medicare.**

**To prevent claims denial and/or retraction of claims, it is imperative that you communicate the following information to all covered participants, whether active or retired.**

Coverage under a Key Advantage plan, the HDHP or a Regional plan (if available) is only for:

- ✓ Active Employees and their Dependents
- ✓ Retirees not eligible for Medicare and their Dependents Not Eligible for Medicare, and/or
- ✓ Dependents of Medicare eligible retirees who are not Medicare eligible.

Retirees Eligible for Medicare and the Medicare eligible dependents of any retiree, whether Medicare eligible or otherwise, may not enroll or remain in a Key Advantage or Regional plan. If coverage is offered to Retirees Eligible for Medicare and their Medicare eligible dependents, it must be obtained through one of our Medicare Supplemental contracts. They require participation in both Parts A and B of Medicare to receive maximum benefits. Outpatient Prescription Drug coverage is not offered in our Medicare Supplemental contracts so obtaining Medicare Part D is extremely important.

See Tab 7 (Medicare Eligibility Memo) of this renewal binder for additional detail.

#### **Advantage 65-Medical Only**

Advantage 65 provides supplemental medical benefits for your Retirees Eligible for Medicare and the Medicare eligible dependents of any covered retiree. It does not provide benefits for outpatient prescription drugs. Anthem administers the plan.

#### **Advantage 65 with Dental/Vision**

As a group option, you may elect to add Dental/Vision coverage to Advantage 65-Medical Only. This product provides Advantage 65 medical coverage plus dental and vision coverage.

**Dental:** The plan, administered by Delta Dental, pays 100% of the Allowable Charge (AC) for diagnostic and preventive services, 80% of AC for basic dental services and 5% of AC for major dental care. Up to \$1500 per member per plan year is payable.

**Vision:** Benefits are provided once every 24 months through the Anthem Blue View Vision network. Members pay a \$20 copayment for a routine eye exam, receive up to a \$100 allowance with a 20% discount on the remaining cost for one pair of frames, has a \$20 copayment per pair of

either single, bifocal or trifocal lenses, and receives up to a \$100 allowance then 15% off remaining balance for contact lenses.

### Medicare Complementary

Medicare Complementary is a “grandfathered” plan available only to groups who already offer the product. It is not available to any group not currently offering this coverage. It provides supplemental medical benefits, plus dental and vision coverage for Retirees Eligible for Medicare and the Medicare eligible dependents of any covered retiree. Medical benefits are administered by Anthem; vision through Anthem Blue View Vision; and dental through Delta Dental.

Note: In order for Retirees Eligible for Medicare to receive maximum benefits they must have both Parts A and B of Medicare. If prescription drug coverage is desired they should participate in Medicare Part D. \*\*\*

## CommonHealth

The CommonHealth Wellness Program is a value-added benefit included at no cost to TLC groups. CommonHealth provides medical screenings, health risk appraisals, and several wellness programs including Quit for Life smoking cessation, Future Moms\* pre-natal risk management, and stress management.

Since wellness programs often can help control claims costs, we strongly encourage you to take advantage of all that CommonHealth has to offer. Employees and their dependents covered by any TLC program are eligible to participate.

\* Key Advantage Expanded and Key Advantage 250 plans include a Future Moms incentive. The maternity inpatient hospital copayment is waived if the member enrolls in the program in the first trimester (14 weeks), has a dental cleaning during pregnancy, and completes the program.

## Group Rating

**Pooled Rating** - Group size of 1 through 49 employees

**Experience Rating** - Group size of 50 or more. The Credability Factor applies to medical components only. Behavioral health and substance abuse, prescription drugs, and dental claims are pooled, based on the combined experience of all current TLC groups, regardless of size.

Group Size	Credibility Factor
50 - 99	41% of the group's medical experience
100 - 149	58% of the group's medical experience
150 - 199	71% of the group's medical experience
200 - 249	82% of the group's medical experience
250 - 299	91% of the group's medical experience
300 – and above	100% of the group's medical experience

To protect our employers, TLC provides shared risk protection through medical attachment points (Specific Pooling Points) of \$80,000 for groups with fewer than 300 participating employees; \$100,000 for groups between 300 and 999 participating employees; \$125,000 for groups between 1,000 and 1,499 and \$150,000 for groups with 1,500 or more employees.

Monthly rates for employee plus one and family are calculated as a factor of the single employee rate. The relationship between the single, dual, and family rates remain the same as in the current plan year: single = 1, employee plus one = 1.85 X single rate, and family = 2.70 X single rate.

## Employer Contribution

In order to allow greater flexibility, most groups may select a combination of our plan offerings but minimum funding will be based on the un-weighted average single rate of the all statewide and regional plans, except the HDHP. For example, if a group offers Key Advantage Expanded and Key Advantage 500, you would add the single rates for each and divide by two. The minimum requirement would then be 80% of the average single rate.

The Code of Virginia-required Key Advantage minimum employer contributions are:

### Full Time Employees

- 80% of the average single employee premium rate
- 20% of the average additional dependent cost, if applicable \*

### Part Time Employees (if coverage is offered)

- 40% of the average single employee premium rate
- 10% of the average additional dependent cost, if applicable \*

**\*If 75% of all eligible employees enroll, the dependent contribution requirement is waived.**

Minimum employer funding for the HDHP is separate from the Key Advantage requirements. If the HDHP is offered, a Local Employer must pay a minimum of 80% of single premium and 20% of the additional dependent premium, regardless of participation percentage. You may make a higher contribution if you choose.

## Renewal Acceptance

To renew your coverage with TLC, complete the enclosed Employer Renewal Data Sheet and return it to TLC in the envelope provided.

**DHRM must receive the completed Employer Renewal Data Sheet by Friday, April 1, 2011.**

Once your renewal is approved, you will receive a letter from DHRM confirming your renewal, benefits plans, premiums and employer contribution requirements.

### Deadline Extensions

**All groups must return the Employer Renewal Data Sheet by April 1, 2011.** Please keep in mind that you may be granted an extension upon receipt of your written request. This extension is for the return of your Employer Renewal Data Sheet only. The Code of Virginia does not permit an extension or waiver of the 90-day written termination request if you plan to leave the TLC Program. Please contact Walter Norman, TLC Program Manager at (804) 786-6460, to discuss your options if you cannot comply.

### Send your Employer Data Sheet or extension requests to:

The Local Choice Health Benefits Program  
Commonwealth of Virginia  
Department of Human Resource Management  
101 North 14th Street, 13th Floor  
Richmond, VA 23

See Section 3 for information on the Renewal Enrollment Process.

## Termination

For information on termination, please reference 1 VAC 55-20-160, 1 VAC 55-20-290 and 1 VAC 55-20-300 of the Virginia Administrative Code. According to these regulations, if you choose to terminate participation in The Local Choice Health Benefits program, DHRM must receive written notification at least 90 days prior to the date of termination. Please note that the 90-day notification will not be extended by a request to extend the April 1, 2011 renewal response deadline. The department will notify a terminating local employer of any Adverse Experience Adjustment (AEA) within six-calendar months of the time the local employer terminates participation in the program. Further the department reserves the right to modify the amount of the experience adjustment applicable to a terminating local employer for a period not to exceed 12 months from the end of the plan year in which such termination occurred. The experience adjustment shall be payable by the local employer in 12 equal monthly installments beginning 30 days after the date of notification by the department. In the event that a terminating local employer requests, in writing, an extension beyond a period of 12 months, the department may approve an extension up to 36 months provided the local employer agrees to pay interest at the statutory rate on any extended payments. Since AEA is an exact look back limit of liability, it cannot be estimated.

## The Local Choice Support

You may contact your local Marketing Representative to assist you with the details of your renewal.

If you have questions about eligibility or policy administration, please contact Walter Norman, TLC Program Manager at (804) 786-6460, or Dana Hollins, Senior Benefits Specialist at (804) 371-6211. You may also send inquiries by e-mail to [walter.norman@dhrm.virginia.gov](mailto:walter.norman@dhrm.virginia.gov). Thank you for your continued support of The Local Choice program.

## SPECIAL REPORTS FOR ANTHEM DATA FOR THE LOCAL CHOICE GROUPS 50+ SEGMENT

### (By written request)

Multiple vendors administer the TLC program. The reports below only capture claims payments made by Anthem but will capture all premiums paid. Anthem does not have claim information from the other vendors. Claims experience is not available for prescription drug, dental or behavioral health. These components are pooled for all groups.

Report Description	Cost Per Report
I. Claims – claims by five digit group number providing monthly claims by type for the most recent 24 months Includes Large Claims Report – claims > \$25,000 for last two years Please indicate if a different 2 year time period is requested This report is summary data and does not breakout data by subgroup	\$250
II. Enrollment Summary – Enrollment by five digit group number by type membership providing monthly enrollment for the most recent 24 months Please indicate if a different 2 year time period is requested This report is summary data and does not break out data by subgroup	\$250
III. Annual claims and premium – 300+ rated groups can get the most recent 24 months (Local Choice specific) Please indicate if a different 2 year time period is requested This report is summary data and does not break out data by subgroup	\$100

\*All claims are after discount.

Claim report requests must be in writing and should be directed to Anthem through your account representative and must include the name and address of the person to bill. An invoice is generated by Finance and mailed to the group.