



November 14, 2005



**ROCKY MOUNTAIN**  
**HEALTH PLANS®**  
Good health. That's the plan.

## **BROKER BRIEFINGS** **NEWS** *flash*

---

### **Communicating with Employers About Medicare Part D**

RMHP recently sent a letter to all employer groups, explaining their responsibilities to give Medicare-eligible employees information on the prescription drug benefit offered by their health plan. In that letter (attached), we also gave employers details on accessing CMS-approved notices. We sent them separate notices about the creditability of their prescription drug plans.

### **Transition Time for Routt and Moffatt Counties**

*Sloans Lake provider access discontinued on December 1, 2005*

We're working with providers and physicians in Routt and Moffat counties to finalize direct RMHP contracts, which will be effective December 1, 2005. We'll notify all current Members who live in these two counties about the details of this change. RMHP will work with each Member individually to ensure a seamless transition from the Sloans Lake program. When these efforts are completed, RMHP will be expanding our small group offerings to Routt and Moffat counties for Q2, 2006.

### **HB 1311 - Employers Notified About ID # Changes**

RMHP is sending notices to all employer groups in December (and throughout the year at employer group renewals), explaining the changes in Member ID numbers. Significant points in the notice include:

- Every RMHP Member will receive a new ID number in 2006. The new number will replace their previous Member ID number, which was their Social Security number (SSN).
- RMHP will be sending out new ID cards and numbers throughout 2006 – typically by the end of the **employer group's renewal anniversary month**. *Members need to keep and use their current ID card (with SSN) until they receive a new one.*
- Providers and pharmacies may use either the old ID (SSN) number or the new ID number until the Member receives his/her new ID card.



# BROKER BRIEFINGS NEWS FLASH

## Rocky Mountain Health Plans Expands Access Nationwide!

On January 1, 2006, RMHP will introduce **Good Health National Access for our HMO employer groups**. Through our partnership with Private Health Care Systems (PHCS), we'll offer new programs designed to cover:

- Dependents of employees enrolled in our HMO plans who live outside of Colorado
- National provider access to employer groups on HMO plans with employees who live and work out of state.

*Check out our website soon or contact your RMHP Account Executive for new marketing material on RMHP Good Health National Access.*

### Good Health National Access for HMO Group Plans

#### Out-of-State College Students/Dependents

Eligible dependents living outside the state of Colorado will have the option to purchase national provider coverage through the PHCS **PPO Network** of providers. Parents of dependents living outside of Colorado who are on HMO plans are eligible to purchase this coverage.

*Cost: \$10.00 per employee per month*

#### Out-of-State Subscribers

Currently, only enrolled employees who live outside of Colorado *and* are part of an eligible large-group PPO plan can access the **PHCS PPO network** of providers. As of January 1, 2006, this *new* national access applies to the following categories of subscribers:

- **Large Group:** Out-of-state employees who are part of an HMO large group plan (no more than 25 percent of enrolled employees are out of state).

*Cost: \$10.00 per enrolled out of state employee per month*

- **Small Group:** Out-of-state employees who are part of an HMO small group plan (no more than 15 percent of enrolled employees are out of state).

*Cost: \$10.00 per enrolled out of state employee per month*



# **BROKER BRIEFINGS NEWS FLASH**

## **Access Expands Nationwide!**

*(Continued)*

### **PPO Plans**

Currently, all members residing in Colorado who are enrolled on a RMHP PPO plan, have national access through **PHCS Healthy Directions**. No additional premium will be charged if a child dependent resides outside of Colorado.

**Currently, Large employer groups (51 or more eligible employees)** enrolled on a RMHP PPO Plan have national access availability through the **PHCS PPO network** for their employees residing outside of Colorado. Our underwriting criteria requires that no more than 25 percent of enrolled employees are out of state. The cost for this access:

*\$4.20 per employee per month*

**NEW! National provider access to small employer groups on PPO plans with employees who live and work out of state**. RMHP will expand our national access to small employer groups effective January 1, 2006. Our underwriting criteria will require that no more than 15 percent of enrolled employees are out of state

*\$4.20 per employee per month*

### **Indemnity Plans**

For small employer groups with more than 15 percent of enrolled employees out of state, or if the PHCS network is not adequate, the RMHP Indemnity Plan will still be available.

## **Guidelines from the IRS: HSAs and Qualified High Deductible Health Plans**

The IRS and the Treasury Department have issued new guidelines for Health Savings Accounts (HSAs) and High-Deductible Health Plans (HDHPs) to be effective January 1, 2006.

### ***New 2006 Contribution Levels and Out-of-Pocket Maximums***

- Maximum annual HSA contribution for an eligible individual with self-only coverage: \$2,700
- Maximum HSA contribution for family coverage: \$5,450
- Catch-up contribution for individuals aged 55 or older: \$700



# BROKER BRIEFINGS NEWS FLASH

## Guidelines from the IRS: HSAs and Qualified High Deductible Health Plans (Continued)

### ***New 2006 Out-of-Pocket Spending Limits for HSA-Compatible HDHPs:***

- Maximum annual out-of-pocket, HDHP self-coverage: \$5,250
- Maximum annual out-of-pocket, HDHP family coverage: \$10,500

### ***New 2006 Minimum Deductible Amounts for HSA-Compatible HDHPs:***

- Self-only coverage: \$1,050
- Family coverage: \$2,100

### ***RMHP changes in response to new guidelines:***

RMHP will be revising our existing HDHP 1000 plans to comply with the new minimum deductible levels. Effective January 1, 2006, all HDHP 1000 plans will carry a:

\$1,050 for individual coverage

\$2,100 for family coverage

Out of pocket maximums will remain at \$5,000 for an individual and \$10,000 for a family.

**PLEASE NOTE:** With the late notice from the IRS, **RMHP was not able to integrate the deductible and resulting premium change into the existing HDHP 1000 Plans for our January 1, 2006 renewal documents.** Employer groups renewing in January that are currently enrolled on a HDHP 1000 plan will see a slight rate decrease if they renew on the HDHP 1050 plan. RMHP will be sending out formal notification to all affected employers, detailing the deductible changes.

Check the RMHP website ([rmhp.org](http://rmhp.org)) for updates on all Benefit Summaries and Plan Description forms. Also, ask your RMHP Account Executive for the new brochures on the Good Health Savings Plans.

**Thank You!**

As always, if you have any questions or comments or need assistance, please call your Rocky Mountain Health Plans Account Executive.

Grand Junction 970-244-7760 or 800-453-2981	Denver 303-689-7367 or 800-823-8356
Durango 970-385-5131 or 888-662-6489	Pueblo 719-253-3900 or 888-332-8963
Glenwood Springs 970-928-8618 or 800-793-1339	Colorado Springs 719-632-1237



Dear Benefits Administrator:

The new Medicare Prescription Drug Benefits (called Medicare Part D) is here! Part D provides prescription drug coverage to Medicare-eligible beneficiaries through private Medicare Health Plans and stand-alone prescription drug plans that contract with Medicare.

Under the federal laws that implement Part D, employers, unions and other commercial group sponsors have new responsibilities regarding the Medicare-eligible beneficiaries who may be enrolled in their plans. This overview is provided by Rocky Mountain Health Plans to clarify the new rules and help you to fulfill your regulatory requirements under Part D.

You will be required to communicate specific information to your Medicare-eligible employees (and/or their covered dependents) to assist them in making decisions about their 2006 Medicare coverage. In certain cases, late-enrollment penalties may be applied by the federal government to any Medicare-eligible beneficiary who does not either elect to enroll in a *qualified* Part D plan during 2006, or at least keep other prescription drug coverage that is *creditable* under Part D. As an employer, you must notify all Medicare-eligible beneficiaries (both employees and dependents) enrolled in your health plan about whether their existing drug benefit is *creditable* or *non-creditable* under Part D. See 42 C.F.R. § 423.56.

Coverage is “creditable” if the expected amount of paid claims is equal to, or greater than, the value of the standard Part D benefit specified in the federal law. Rocky Mountain Health Plans is testing all of its commercial group plans to determine whether the coverage offered by each group sponsor is Part D creditable. We will notify you regarding the status of your health plan within the next week so that you can comply with creditability-noticing requirements to plan enrollees. These requirements are summarized below:

### **Applicability**

- Employers, unions and other sponsors of commercial group health insurance plans are not required to change their plans in any way.
- However, all group plan sponsors are required to notify all Medicare-eligible enrollees as to whether their plan is creditable or non-creditable. This requirement applies to all Medicare-eligible enrollees, regardless of whether they are active, dependents, or retirees.
- Nearly all group plan sponsors are subject to this noticing requirement, even if they don't offer health insurance coverage to retirees.

### **Required Information**

The notices that you provide to employees must contain the following information:

- An explanation of what Part D “creditable coverage” means and why it is important (i.e., that a late-enrollment penalty may be applied to any Medicare beneficiary who does not enroll in a qualified Part D plan or other creditable coverage during 2006).
- A statement about whether your group plan is creditable or non-creditable.
- A description of the enrollment periods for qualified Part D coverage if your group plan coverage is not creditable.

The federal government has created model notice letters that meet all requirements for creditable and non-creditable plans. **Please see the Model Notice Letters provided by the federal Centers for Medicare and Medicaid Services (CMS)** at:

<http://www.cms.hhs.gov/medicarerereform/CCguidances.asp>

In order to ensure compliance with creditability noticing requirements, you may want to notify all plan enrollees. Medicare eligibility is granted to many people who are younger than 65 — including people with qualifying disability status and end-stage renal disease (ESRD). Again, you must provide notice to all Medicare-eligible beneficiaries.

#### **Required Distributions & Updates:**

You must provide creditability-coverage notices to Medicare-eligible beneficiaries at the following times:

- Prior to the Annual Enrollment Period for Medicare Part D, specified by the federal government each year (November 15, 2005 - December 31, 2005).
- Prior to an individual’s eligibility and Initial Enrollment Period for Medicare Part D (i.e., the initial Medicare eligibility period for newly eligible beneficiaries).
- Prior to the effective date of a Medicare beneficiary’s coverage under your group plan.
- Whenever prescription drug coverage ends or changes so that it becomes creditable or non-creditable.
- Upon request by a Medicare beneficiary.

Additional information, forms and regulatory guidance is provided on-line by the federal **Centers for Medicare and Medicaid Services (CMS)** at:

<http://www.cms.hhs.gov/medicarerereform/CCguidances.asp>

*Rocky Mountain Health Plans is providing you this notice as a regulatory requirement.*