

## New notice requirements in effect for COBRA

New regulations that clarify the timeframe and content of COBRA notice requirements are now in effect. The final regulations were published last May by the U.S. Department of Labor's Employee Benefits Security Administration.

Legal experts are urging employers to strictly comply with the new notice requirements to avoid costly statutory penalties and unanticipated medical claims incurred by improperly notified employees.

Generally, the Consolidated Omnibus Reconciliation Act of 1985 (COBRA) provides workers and their families with the opportunity to continue their group health coverage for up to 18 to 36 months in certain situations, known as qualifying events. Employers\* and health plans must notify qualified beneficiaries of this right on two occasions: (1) at the time coverage under the plan commences; and (2) on the occurrence of a qualifying event (job termination, hours reduction, divorce, etc.).

The new regulations require covered employers and plans to:

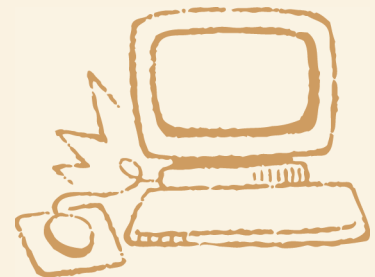
- Revise the general notice to employees and their spouses when they become covered by a plan
- Revise the election notice given to a beneficiary after a qualifying event
- Revise the election form beneficiaries must complete for COBRA coverage
- Create a new notice of unavailability of continuation coverage
- Create a new notice of early termination of continuation coverage
- Revise existing Summary Plan Descriptions to include new notice procedures

Exact timeframes are established for distributing each of these notices. For compliance assistance, you'll find the final regulations, a model general notice and a model election notice at the Department of Labor Web site: [www.dol.gov/ebsa/compliance\\_assistance.html#section2](http://www.dol.gov/ebsa/compliance_assistance.html#section2).

\* Employers with 20 or more employees in the prior year as defined by the law are subject to COBRA.

## Online enrollment is here

Great news! In response to your requests, you can now conduct most enrollments online through our Employer Tool. With new **secure online enrollment**, you have the ability to enroll new members, make changes to contracts or terminate members. You also are able to view a member roster and download it. For more information, call your account manager at 1-800-333-2535.



## Business buzz

### Starting a tuition assistance program

Perhaps in this new year you are looking for ways to improve your employees' performance and morale. One approach might be to begin a tuition reimbursement program. This can encourage your employees to expand their knowledge and skill, which benefits both of you on the job.

When considering such a program, here are a few questions to ask:

- Who will be eligible for assistance—e.g., only full-time employees, only managers?
- What will be the level of reimbursement—100%? 50%?
- What type of academic institution qualifies?
- What will the expectations (e.g., passing grade) and procedures be for reimbursement?

- Must the courses taken be related directly to the job?
- Will there be limits to reimbursable items—e.g., books?
- Can courses be taken on company time?

You might want to seek input from Human Resources representatives at other local companies who offer tuition reimbursement. If you go forward, be sure to put your tuition assistance policy in writing, and note that the company retains the ultimate discretion to approve reimbursements and alter the program in the future. Then, inform your employees about this great benefit.



### Employers—notify your health plan of employee changes

Changes in an employees' personal information or job status have a direct impact on their insurance coverage and payment for care under their insurance policy. It is essential that employers update employee information and communicate them to their insurance plan in a timely manner. Failure to do so may result in lapses in health coverage that may result in employees being billed for health care services they receive.

- Marriage of insured
- Dependent turning 19 years old
- Birth of a child
- Marriage of a dependent
- Adoption of a child
- Termination of a dependent's student status
- Legal guardianship of a child
- Death of insured
- Court-ordered coverage decisions
- Death of a covered spouse or dependent
- Divorce
- Remarriage of insured

### Winter health observances

Tap these resources to promote wellness and keep your employees informed about health concerns. Many of these organizations have free material that can be requested or downloaded for use in your business.

#### January

National Volunteer Blood Donor Month  
American Red Cross in conjunction with AABB

<http://www.aabb.org/Pressroom/NVBDM01/nvbdm0101.htm>

#### February

American Heart Month  
[www.americanheart.org](http://www.americanheart.org)

#### March

Cancer Research and Prevention Foundation  
[www.preventcancer.org/colorectal](http://www.preventcancer.org/colorectal)



Here are some things an employer can do to improve the timely and accurate reporting of employee information to the company's health insurance plan(s).

- **Use available electronic pathways to update employee information.** If not already in use, work with your health insurance plan(s) to adopt the use of the government-approved HIPAA 834 format.
- **Educate your employees.** Work with your health insurance plan(s) to educate your employees about

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the importance of providing you and their health insurance plan with timely updates to personal information that will impact their insurance policy and coverage under that policy.

Employers can make a real contribution to streamlining and simplifying this process and ensuring that their employees' health insurance coverage is there when they need it. Thank you.

*This reminder is endorsed by the Associated Industries of Massachusetts, the Massachusetts Business Roundtable, the Massachusetts Business Association, the Massachusetts Association of Health Plans, the Massachusetts Hospital Association, the Massachusetts Medical Society, Blue Cross Blue Shield of Massachusetts, Fallon Community Health Plan, Harvard Pilgrim Health Care, Health New England, Neighborhood Health Plan and Tufts Health Plan.*



## In our corner ...

### **FCHP named Advocate of the Year**

Fallon Community Health Plan (FCHP) is the proud recipient of the George F. and Sybil H. Fuller Chamber Advocate of the Year award. The announcement was made at the Worcester Regional Chamber of Commerce's 129th Annual Business Meeting on December 13, 2004. The award acknowledges a chamber member who has provided outstanding support to the organization. FCHP gave significant financial support for numerous events during 2004, including the New England Business Expo, the Breakfast Club, the golf tournament and the Annual Business Meeting.

### **Worksite wellness program launches this month**

Fallon Community Health Plan is introducing a worksite wellness program in January 2005. The program initially will be available for targeted employer groups, but will be gradually expanded. Two full-time health educators are on board to launch the program.

Worksite wellness will incorporate several Web-based tools and offer a variety of health education materials (e.g., weight management, heart health). The core, however, will be on-site offerings in such areas as smoking cessation and stress reduction. Programs also can be geared to the particular health

concerns of a company and its employees. Many studies have proven that these programs are effective in reducing health care claims, absenteeism and employee turnover while improving productivity and morale.

Watch for more information in the coming months.

### **Maximizing benefits**

#### **• Copayment changes for Premium Saver plans**

Fallon Community Health Plan (FCHP) is making two important changes to our FCHP Select Care and FCHP Direct Care Premium Saver plans, effective January 1, 2005.

1. We have placed a limit on the amount of money these plan members pay in copayments\* for inpatient hospital admissions. Currently, they have a \$250 copayment for all inpatient hospital admissions. The maximum is \$1,000 per individual/\$2,000 per family. Once the maximum is met, copayments for any subsequent inpatient admissions will be waived for the remainder of the calendar year.
2. We have eliminated copayments for inpatient mental health and substance abuse services. Now these services are covered in full.

*\* A plan's copayments and maximums may vary by employer.*

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## • **New version of PPO introduced**

On January 1, 2005, we began to offer new and renewing employer groups a new commercial product option: a PPO plan with a combined in-network and out-of-network high-deductible rider. Our PPO plan is offered under Fallon Health & Life Assurance Company (FHLAC), a subsidiary of Fallon Community Health Plan.

As with our HMO high-deductible option, all in-network preventive services are subject to a copayment and are not applied to the deductible. All covered services performed out-of-network are subject to the deductible. A complete list of services that require the member to meet a deductible is contained in both the *Fallon Preferred Care Evidence of Coverage* and the high-deductible rider.

## • **New plan design coming**

Keep your eyes open for a new plan design that Fallon Community Health Plan will introduce for an effective date of April 1, 2005. This new **Premium Saver Value** option will bridge the gap between our Premium Saver plan and its high-deductible options. The plan will have higher copayments and include a deductible for prescription drugs.

## **More choice as network grows**

One of our most notable achievements in 2004 was the expansion of our FCHP Select Care provider network to more than 10,000 doctors and 41 hospitals statewide—giving you and your employees more choices than ever before. We look forward to further growing this network in 2005 while building our relationships with the 10 popular provider groups who joined us this year.

- **Merrimack Valley Independent Practice Association** at Saints Memorial Medical Center in Lowell
- **Lawrence General IPA** in the Merrimack Valley region
- **Charles River Medical Associates** in Ashland, Framingham, Natick, Hudson, Holliston, Westborough, Marlborough, Medfield and Hopkinton
- **Family Health Center** in Worcester
- **Great Brook Valley Health Center** in Worcester, Framingham and Clinton
- **Tri-County Medical Associates** in MetroWest and the Blackstone Valley
- **CentMass Association of Physicians** in Fitchburg and Leominster
- **Mount Auburn Cambridge Independent Practice Association** in Arlington, Belmont, Cambridge, Lexington, Somerville and Watertown

- **South Shore Medical Center** in Norwell and Kingston, serving patients throughout the South Shore
- **Wing Memorial Hospital and its physicians** in the Quaboag and Pioneer Valleys

## **Maintaining coverage for student dependents**

Fallon Community Health Plan (FCHP) provides coverage for unmarried student dependents who are enrolled as full-time students at accredited institutions. During the first quarter of every year, FCHP verifies the eligibility of student dependents for continued medical coverage. It's that time again.

We send a letter and recertification form to the subscriber's home address to verify the student's last fall semester and current spring semester. The form must be forwarded to the school registrar's office and returned to FCHP's Marketing Operations Department within 30 days. When we receive this form from the school, we notify the subscriber of the dependent's coverage status.

Please remind your employees who have student dependents that they should promptly complete our recertification process. Also, it is the subscriber's responsibility to notify us any time there is a change in status, including dropping to less than a full-time course load, withdrawing from school or graduating.



**FALLON COMMUNITY HEALTH PLAN**  
**www.fchp.org**

*Employer Edge* is published quarterly to provide employers with the latest news, trends and marketplace information in health care. Please share this issue with your coworkers. E-mail your comments on *Employer Edge* to [Employer.Edge@fchp.org](mailto:Employer.Edge@fchp.org). For information about products or programs, ask for your account manager at 1-800-333-2535.