

MSGR BluePreferred HRA Broker/Wholesaler/DBE Reference Guide

An HRA is a Health Reimbursement Arrangement that allows you to use funds provided by your employer to pay for eligible medical expenses. Eligible medical expenses include the deductible as well as copays. Each year your employer makes a contribution toward your HRA. You then use the money in your account to pay the full or discounted cost of qualified services until you reach your benefit year deductible or exhaust the fund contributions, whichever is less.

The HRA must be funded solely by the employer and cannot be funded by salary reduction. The plan may only provide benefits for qualified medical expenses

Health Reimbursement Arrangement (HRA) Plans

Medical & Rx deductibles are separate ***

BluePreferred	Deductible	Coinsurance	OOP Max	Core BlueVision	Medical
HRA Option 10	\$1200/\$2400	100%/80%	\$3400/\$6800	YES	CUT6581
HRA Option 11	\$2000/\$4000	100%/80%	\$4500/\$9000	YES	CUT6582

NOTE: All HRA plans may be offered as a BlueFund or Compatible Plan with no difference in cost. **BlueFund HRA Plans** integrate with a plan administrator (FlexAmerica). **Compatible Plans** do not integrate with the plan administrator offered by CareFirst.

*****Drug Option:** The MSGR HRA plans may be sold with any of the standard MSGR Rx plans currently available.

Important Note: CONTRACT Year benefits versus CALENDAR Year benefits:

(Effective with February 1, 2008 new business, renewals and off-cycle benefit changes, groups can now elect to have their benefit period administered on either a CONTRACT or CALENDAR Year basis. Exception: any new group written with a 15th of the month original effective date will be installed with a CALENDAR Year benefit period. Groups that fall into this category will have the option to move to CONTRACT year benefits at their first renewal, or in conjunction with an approved off-cycle benefit change. Please note that a Deductible Carryover Provision is not available for HRA groups. Groups with CALENDAR Year benefit periods that elect to move to an HRA arrangement with an effective date other than January 1, should consider electing a short plan year funding arrangement in year one with FlexAmerica.

- 1) **EXISTING CareFirst MSGR BUSINESS:** Not all existing CareFirst MSGR groups have **CONTRACT YEAR** benefit periods, some have **CALENDAR YEAR** benefit periods. Please review this provision carefully before installing HRA group plans at renewal and/or off-cycle to determine the potential impact to your group. **Reminder:** All Deductibles/OOP Maximums start over January 1, for groups that have **CALENDAR Year** benefit periods.

Effective 6/1/07 FlexAmerica HRA Administration Fees Eliminated

- No account set-up fees; Includes compliance testing and 5500 if required
- Beginning **6/1/07** FlexAmerica will no longer bill MSGR accounts for administration fees. This applies to all groups regardless of renewal month or date sold. Previously, HRA BlueFund accounts were billed \$4.50 per participant per month; Minimum of \$75 per group per month.

MSGR Quick Reference Guidelines for Brokers/Wholesalers/DBE's

- 1) **Pharmacy:** All MSGR Rx plans are available with either BluePreferred HRA Option 10 or 11.

Rx and medical deductibles are not combined. They are two separate deductibles. Member pays the appropriate Rx deductible, copay and cost difference between brand and generic if applicable. Pharmacy claims do not automatically roll to FlexAmerica. If Employer elects to reimburse members for RX Deductibles and Copays under the HRA fund, Employer would have to note this information on the FlexAmerica Application, by electing to cover all 213d expenses. Employer may not exclude paying RX copays with FlexAmerica if covering RX Deductible.

- 2) **Vision: CORE** BlueVision is an included ibenefit in the HRA plans and is not subject to the HRA deductible. BlueVision *Plus* can also be purchased; all options available; not subject to the HRA deductible; can be added either parallel or non-parallel. If Employer elects to reimburse members for Vision expenses under the HRA fund, Employer would have to elect to cover all 213(d) expenses on the FlexAmerica application.

New Business and Renewal Dates Prior to 7/1/07: If HRA is sold in a POE combination with any of the following BlueChoice HMO Options and the group purchases BlueVision *Plus*, only the HRA members can enroll in the BlueVision *Plus*. Since these four HMO options did not include CORE BlueVision, prior to 7/1/07, members enrolled in these options were not eligible to elect BlueVision *Plus*

BlueChoice HMO Option 1, BlueChoice HMO Option 5, BlueChoice HMO Option 6 (New CORE Eff. 7/1/06)
BlueChoice HMO *Open Access* Option 1

Effective with 7/1/07 New Business and Renewals the following will apply: (Refer to MSGR Product Portfolio)

BlueChoice HMO Options 1 & 5 and BlueChoice HMO *Open Access* Option 1 will now include CORE BlueVision. BlueChoice HMO Option 6 (CORE) can now be sold with or without CORE BlueVision.

- 3) **Regional Traditional/Preferred Dental:** All options are available; can be added either parallel or non-parallel.
- 4) **BlueVision Plus & Regional Traditional/Preferred Dental sold together:** If account purchases both BlueVision *Plus* and dental, the vision and dental **MUST** be sold as non-parallel.
- 5) **Deductible Carryover:** Not available for any HRA medical/pharmacy benefits. This means the member cannot carry over any deductible earned in the 3 months prior to the end of the plan year to the new plan year.
- 6) **Medical Deductible Credit:**

Deductible Credit for New Business (NO Rx Deductible Credit)

- For 15th of the month - no deductible credit; remains calendar year for now
- Contract Year - no deductible credit
- Calendar Year - (except for 15th of the month effective dates) provide deductible credit as long as they are currently in a calendar year plan with the competitor.

Deductible Credit for Renewals (NO Rx Deductible Credit)

- Off-cycle renewals - no deductible credit for contract year; deductible credit DOES apply for calendar year
- Moving from calendar year to contract year or vice versa- no deductible credit
- Remaining on calendar year but changing benefits on renewal - deductible credit applies

- 7) **Domestic Partners:** Due to IRS not recognizing domestic partners and same sex civil union spouses as dependents, these individual's expenses are not eligible for reimbursement under the HRA. However, if the employer elects to offer coverage to domestic partners, these individuals may be covered and offered coverage under the health insurance.
- 8) **No Debit Card/Checks for HRA:** Claims will automatically roll from CareFirst to the FlexAmerica HRA account for any deductible, coinsurance, or copay for covered services. Member will receive an EOB and check from FlexAmerica for any eligible HRA expenses. Reimbursement checks issued weekly - **\$10 minimum. (Previously \$25)** At end of plan year a check will be issued for any claims that did not meet the \$10 minimum. Member only owes provider up to the PPO discount. Note: If HRA covers all 213(d) expenses not covered under the medical plan, members will have to submit those services for reimbursement via a manual process. Claims can be faxed or mailed to FlexAmerica.
- 9) **HRA Fund Eligibility:**
Member cannot be:
- Claimed as a dependent on another individual's tax return
 - All dependents must be claimed under the subscriber's tax return as a dependent to be eligible for HRA expense reimbursement.
 - Partnership Owners & their spouses of S-Corp, LLC, LLP businesses, Sole-Proprietors **
 - Domestic Partner

****Note:** If member elects to be enrolled in the BluePreferred Health plan but is not eligible for the HRA funding, CareFirst Underwriting Guidelines will now allow the same HRA plan to be set up as both Compatible and BlueFund in the same POE. (Refer to Underwriting Guidelines below regarding POE combinations)

10) **Underwriting Guidelines / Business Rules:**

- No eligibility rules have been changed for small group. All current Underwriting guidelines apply.
- HRA plans may be sold with 15th of the month effective dates: **CALENDAR Year benefit period will apply**
- HRA plans and HSA plans may now be sold together with New Sales and Renewals beginning 7/1/06
- The CORE SPPP option must be offered when quoting an HRA BlueFund or HRA Compatible plan.
- HRA plans can be sold as a part of a POE/BlueSelections
- **POE/BlueSelections** offering may not include duplicates of the same benefit option. (e.g. Cannot have BlueChoice HMO Option 2, next to BlueChoice HMO *Open Access* Option 2)

EXCEPTION : To accommodate funding restrictions listed in number nine above under **HRA Fund Eligibility**, the same HRA Option can be offered in the same POE, as both COMPATIBLE and BLUEFUND. **However, the POE is still limited to three plan options.**

POE Example: Plan 1: BluePreferred HRA **BlueFund** – Option 10 \$1200/\$2400
Plan 2: BluePreferred HRA **Compatible** – Option 10 \$1200/\$2400
Plan 3: BlueChoice HMO *Open Access* Option 2

11) **Paperwork:** All new and renewing paperwork is the same as it is today with one exception. If the group is adding a BlueFund HRA plan at renewal or purchasing it as a new group, the group must complete the new FlexAmerica application to facilitate the set-up of the HRA. This application must be attached to either the new or renewing group paperwork that will be sent to CareFirst Account Installation.

Member Enrollment Forms: Existing DBE member enrollment forms can be used to enroll members for both DBE and Wholesaler business in addition to using the existing MSGR BluePreferred member enrollment form. **CUT5416-9S (10/07)**

Group Application: Use existing MSGR BluePreferred Group Application. **GRPAPP-PPO (MSGR) REV (R.07/03)**

12) **BluePreferred PPO Benefits:** Refer to benefit summaries Options 10 and 11 for details. Note: Effective 7/1/06 with new sales and upon renewal, both plan options were modified so that Preventive Services are no longer subject to the deductible. Member will now only pay a copay for these services. (Refer to Sales Flash dated 8/22/06)

13) **Employer Funding of BlueFund HRA:**

FlexAmerica will contact the group by email after receiving the FlexAmerica application to discuss the available funding options for the HRA. Brokers will be copied on the email as long as their email address is on the FlexAmerica application.

For assistance with questions regarding the FlexAmerica application and/or the employer funding, please call the FlexAmerica Implementation Department @ 301-530-9400, **Extension 717**.

Please refer to the FlexAmerica application for the available funding options available to the employer.

Employer funds the HRA as claims are incurred and paid. Employers are not required to pre-fund. **(Promise to pay)**

14) **HRA Renewals:** Approximately 60 days prior to the HRA BluePreferred Renewal date, FlexAmerica will send a renewal specification sheet to the group/broker. This letter will review the current HRA funding and prompt the group to complete the form if changes are being made to the current funding amount/percentages that are currently in place.

15) **Employer Funding/Benefit Changes** : A new FlexAmerica HRA BlueFund application **is required** for changes made to an existing HRA BlueFund.

**Flexible Spending Account (FSA)
Offered with an HRA**

FSA's allow employees to set money aside on a pre-taxed basis for known un-reimbursed health care or dependent care expenses. Employees can purchase additional health services, pay health insurance deductibles and copayments, or pay for child care benefits with the money in their FSA.

An FSA can also be integrated with an HRA. If integrated, the Employer determines whether the FSA or HRA funds are accessed first when claims are processed. Once the funds are exhausted in the first account, the claims will automatically roll to the second account. In this design, FlexAmerica **MUST** be the FSA Administrator.

FlexAmerica FSA Fees

- \$500 Flat Setup Fee regardless of group size
- \$500 Renewal Fee (5500 & Compliance Testing Included)
- Monthly Fee: \$4.50 per participant per month (pppm)
- Minimum Monthly: \$150 per group per month
- Debit Card fee is an additional \$0.75 per participant per month
- FlexAmerica will bill the account

POP Plan: Free through Flex America with **CareFirst HRA BlueFund** medical plan.

Employer Determines

- 1) Which plan pays first, the HRA or the FSA funded by salary reduction.
- 2) Allowed HRA eligible expenses: Standard MSGR HRA products only allow for the reimbursement of eligible medical expenses to be reimbursed by the HRA. However, accounts can customize the BlueFund product to allow the HRA to cover benefits that are allowable under section 213 (d) of the tax code. (i.e Pharmacy, Vision, Dental etc) This information must be communicated to FlexAmerica via the FlexAmerica application. To cover any of these additional services, the group MUST elect to cover all 213(d) expenses. (Refer to HRA FlexAmerica application, questions 15, 16)

Note: Subscribers must submit Section 213(d) claims manually to FlexAmerica HRA administration. If an account chooses to cover services under the HRA that are not covered under BluePreferred, these services do not contribute to the medical deductible

If employer is trying to control costs it is not recommended that they elect to cover all 213(d) expenses.

- 3) Whether unused HRA balances will roll over from year to year, or employer can cap the rollover amount
- 4) Run Out Period – Typically 90 days for prior years claims, and only the rollover balance can be used.
- 5) Mid-year hire allocation (full, pro-rate ½, pro-rate quarterly) If employee is hired during the plan year, the employer should specify if the employee will get the full contribution or a prorated portion based on the amount of eligible months. Note: When considering this option, please take into account that the employee will be subject to the entire BluePreferred Deductible, regardless of their date of hire.

Employer Funding Important Note: The employer can fund the HRA as they choose. They can fund the total amount of the deductible, more, or less. HRA funding amounts are at the discretion of the employer. However, the money allocated by the employer (his promise to pay) can be used towards all eligible medical expenses, which includes copays.

Example: Employer purchases HRA BlueFund Option 10 with a \$1200/\$2400. Deductible. Employer has chosen to fund \$1200/\$2400. If employee only seeks Preventative services during the contract year that are not subject to the deductible, only copay, the copay since it is an eligible medical expense will automatically roll to FlexAmerica for reimbursement.

HRA Additional Key Points:

Tax Advantages: Employer's allocations are pre-tax and employee is not taxed when spending funds on qualified expenses.

Reporting:

Members: My Account, located on the CareFirst website provides enrolled members with BluePreferred claims information, as well as a link to the FlexAmerica web-site. In addition to My Account, FlexAmerica will provide the member with an Explanation of Benefits that will be included with their reimbursement check.

Employers: Employers will have access to FlexAmerica's Employer Service Center via a registration process on the FlexAmerica web-site. This portal will allow employers to view, print, download, or export employee information. During the FlexAmerica set-up process, the group will be sent an HRA Administrative Handbook that will provide them with detailed information regarding FlexAmerica administration.

HRA Claim Reimbursement Form: If needed a copy can be down loaded from the CareFirst website. This form would be used by the employee to submit claims to FlexAmerica if an employer is electing to cover services other than those covered by the BluePreferred health plan. (Example: 213(d) Expenses)

Substantiation: FlexAmerica is responsible for substantiation. When claims are sent from CareFirst, this substantiates the claim. If a member submits a paper based claim, they will be required to provide documentation to FlexAmerica to enable them to substantiate the claim. The requested documentation will be listed on the form.

Integrated Customer Service between CareFirst and FlexAmerica/CareFirst BlueFund Administration:

CareFirst member services will continue to provide customer service on the BluePreferred benefits, in addition to responding to deposit and balance inquiries.

If CareFirst is unable to service the call, they will transfer the member to a live person at FlexAmerica/CareFirst BlueFund Administration for additional assistance.

Some examples of situations that FlexAmerica will handle would include the following:

- How much is the employer funding?
- Questions about the funding account
- Issues regarding member reimbursement checks

BluePreferred Member Services: (800)-321-3497
FlexAmerica/CareFirst BlueFund Administration: (877)-956-5552

Employer Funding Allocation: Recommendation is at least 50% of the deductible. Employer can contribute the entire amount at the beginning of the contract year or the amount can be divided and paid monthly etc. (Employer takes as a Business Expense on taxes)

Interest & Investments: HRA's do not offer interest and investment options to member/subscribers.

COBRA Options: CareFirst contract and benefit guides state that "COBRA" is available (if applicable) and that if a subscriber/member has questions to contact their group administrator." The group must decide what products to offer for COBRA eligibles based on their attorney's legal advice.

The FlexAmerica HRA application (Question #'s: 20, 21) will require the employer to answer the following questions:

- 20) At termination, if a participant wishes to elect COBRA for their HRA benefits, is the benefit:
- Bundled (COBRA eligibles must elect both the BluePreferred Health Plan and HRA fund). **Note:** Employer MUST establish a cost for the HRA funding portion in addition to the premium cost for the BluePreferred Health Plan.
 - Unbundled (COBRA eligibles may choose to elect either the BluePreferred Health Plan or HRA Fund or both) **Note:** Employer MUST establish a COBRA cost for the HRA funding portion in addition to the premium cost for the BluePreferred Health Plan.
- 21) Yes NO Will your company be offering the spend down feature? Note: Employer can also elect to offer a spend down feature which allows the participant to access unused HRA funds to pay for medical expenses during the remainder of the current plan year as specified on the FlexAmerica application . (Note: This feature only applies when the employer has selected the "Unbundled" option and there is no cost to the COBRA participant).

Note: COBRA must be offered for both the BluePreferred Health plan and HRA Fund when the employer contribution (Promise to Pay) is \$500 or more. When Employer contribution (Promise to Pay) is less than \$500, COBRA does not have to be offered on the HRA funding portion of the health plan. (Employer should select Unbundled when COBRA is not being offered on the HRA Fund)

MD Continuation: The HRA Employer Funding is not subject to Maryland Continuation; however, the BluePreferred Health Plan is subject to Maryland Continuation.

Conversion product: Existing BluePreferred conversion product

COB: (Non-Dupe)- Non Duplication of Benefits: Meaning normal COB processing, Primary versus Secondary

ID Cards: No changes

HRA Transferability: Groups can transfer their HRA balances from one CDH carrier to another.

- Transferring into a BlueFund (HRA) product or out of a BlueFund (HRA).
- At this time there will be no fees for this for group's < 50 HRA participants.

HRA Deductible and Out-of-Pocket Limit: (Combined In-Network and Out-of-Network)

(Updated 11/5/07)

The following amounts (in-network and out-of-network) may be used to satisfy the Deductible:

- 100% of the Allowed Benefit for covered services
- Copayments for Emergency Services

The following amounts may not be used to satisfy the Deductible:

- Amounts incurred for failure to comply with the Utilization Management Program requirements
- Copayments, except for Copayments for Emergency Services
- That portion of a charge which is in excess of the Allowed Benefit
- Prescription Drug charges

The Deductible may be met entirely by one Member or by combining eligible expenses of two or more Members.

The following amounts (in-network and out-of-network) may be used to meet the Out-of-Pocket Limit:

- **The Deductibles**

- Coinsurance
- Copayments for Emergency Services

The following amounts may not be used to meet the Out-of-Pocket Limit:

- Amounts incurred for failure to comply with the Utilization Management Program requirements
- Copayments, except for Copayments for Emergency Services
- That portion of a charge which is in excess of the Allowed Benefit

The Out-of-Pocket Limit can be met entirely by one Member or by combining eligible expenses of two or more Members.

When you have reached this Out-of-Pocket Limit in a contract year, no further Deductibles, Coinsurance amounts, or Copayments will be required in that contract year.

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