

For Distribution to Brokers/Wholesalers/Administrators/DBEs Only

September 24, 2008

Update - HSA Compatible Plans added to Subsidy Program Offerings Additional Business Rules Apply

MARKET: MSGR

Effective immediately, the following BlueFund and Compatible HSA products will be offered to subsidy groups:

- BlueChoice HMO *Open Access* HSA Option 1
- BlueChoice HMO *Opt-Out Plus Open Access* HSA Option 1
- BluePreferred PPO HSA Option 1

The benefits for each product are the same whether a group chooses the BlueFund or Compatible option.

Important Note: **ONLY** BlueFund Plans are eligible to receive additional subsidy if the employer contributes to the HSA. Compatible Plans will **ONLY** receive subsidy based on the annual premium.

CareFirst and MHCC Registry Requirements

Business Rules

- CareFirst now requires all subsidy groups to offer at least one HSA Compatible product in their Point of Enrollment combination.
- Only employees who are eligible to set up an HSA funding account and receive employer HSA contributions, if offered, may enroll in a BlueFund option. Employees who are not eligible for HSA accounts must enroll in a Compatible product.

Exception: Owners who are not eligible for employer pre-tax HSA funding in subsidy BlueFund groups that have an employer contribution to employee's HSAs may enroll in the BlueFund product. However, the owner must make those same contributions, at a minimum, to their own HSA account post-tax/above the line deduction.

Rules for Medicare Employees not Eligible for HSA Accounts

- Medicare subscribers enrolling in Individual coverage **ONLY** will be capped at 48. Enrollment other than Individual will be rated at actual age and enrolled in the appropriate non-Medicare tier (**no split contracts**).

New Hire Eligibility Rule

- All subsidy groups must select "First of the Month following..." as the group's new hire waiting period.

Domestic Partners & Subsidy Eligibility

- Eligible Subsidy Groups may cover Domestic Partners under the group's health plan if the group **elects** to cover Domestic Partners. However, the State is not subsidizing Domestic Partner coverage, so they are not eligible to receive the subsidy. For groups covering Domestic Partners, the State has identified the following situations where subsidies will be available and how each situation must be handled within the Registry. The following information will assist you in completing Part 2 of the Employer Subsidy Application:

Employee elects:	Will Receive Subsidy for:	Registry Entry:	Comments
Employee & Adult	Individual	Type of Coverage: "Employee & Spouse" Eligible for Full Subsidy of Dependent Coverage: "No"	
Family	Individual	Type of Coverage: "Family" Eligible for Full Subsidy of Dependent Coverage: "No"	Even if Family makes less than \$75,000, the employee will not receive a subsidy for the children if the Domestic Partner is covered.
Employee & Child(ren) (coverage for employee's children only)	Employee & Children (family income <\$75k)	Type of Coverage: "Employee plus Child(ren)" Eligible for Full Subsidy of Dependent Coverage: "Yes"	The Domestic Partner cannot be covered if a subsidy is received for children of the employee.
	Individual (family income >\$75k)	Type of Coverage: "Employee plus Child(ren)" Eligible for Full Subsidy of Dependent Coverage: "No"	Family coverage would allow unsubsidized children & Domestic Partner to be covered.

Additional Notes

- CareFirst will handle all enrollment and billing for Subsidy groups. CareFirst Connect, our electronic enrollment system, will not be used for these groups. All initial enrollment and subsequent enrollment will be handled via paper applications.
- DBEs will perform as Wholesalers and will not perform billing or enrollment services for subsidy groups.
- Groups will be billed by CareFirst for their subsidized premium only. CareFirst will collect the subsidy portion directly from the State.
- The delinquency process will be the same as today. The group will only go into delinquency as a result of not paying their billed premium.

Details for Completing Employer Subsidy Application Part 1A

- CareFirst requires all parts of the Employer Subsidy Applications be typed (using the "Online Fillable Health Insurance Partnership Subsidy Application" available at http://mhcc.maryland.gov/partnership/Subsidy_Forms.aspx?tools=1). This will ensure that accurate information is entered into the Registry.
- Brokers must ensure that Employer Subsidy Applications are completed correctly and include the required Policy names and IDs in Part 1A before paperwork is submitted to Wholesalers or CareFirst (if a direct broker) to ensure accurate input into the MHCC Registry.
- The table on the following page indicates how CareFirst products will be labeled in the Registry. **These Policy IDs & Names must be used to complete Part 1A of the Employer Subsidy Application. Be sure to include both the Policy ID and Policy Name in the Policy Description section of Part 1A for each product offered.**
 - A separate "Policy" section must be set-up in section 1A to represent each Product that the Group has selected in their POE design.
 - In addition, for each Compatible Option the Group is offering, an additional Policy must be created to capture the Individual Medicare Rate. This is necessary as the Registry only has a 4-tier rating structure.

- Subsidy amounts will be calculated in the MHCC Registry for each "Policy #" detailed in Section 1A; Subsidy amounts may differ depending upon annual premium, whether there is any allowed HSA employer contribution (BlueFund vs. Compatible); or members eligible for the Medicare reduced rate, etc.

Policy ID	Policy Name
BCHSA1	BlueChoice HMO OA HSA BlueFund
BCHSA2	BlueChoice HMO OA HSA Compatible
BCHSA3	BlueChoice HMO OA HSA Compatible Medicare
OOPHSA1	BlueChoice OOP OA HSA BlueFund
OOPHSA2	BlueChoice OOP OA HSA Compatible
OOPHSA3	BlueChoice OOP OA HSA Compatible Medicare
PPOHSA1	BluePreferred PPO HSA BlueFund
PPOHSA2	BluePreferred PPO HSA Compatible
PPOHSA3	BluePreferred PPO HSA Compatible Medicare

Below is an example of a Group offering 2 Subsidy plans, but they must set-up 3 policies in Part 1A of the Employer Application:

MHCC Employer Application / Part 1A

Part 1A: Employer Contribution to Premiums and to Health Savings Accounts

This information is necessary to calculate the employer and employee subsidy amounts. Please complete when you have selected the plans you will offer and the amounts you will contribute toward coverage.

Type of coverage	Policy 1 Description: BCHSA1 - BlueChoice HMO OA HSA BlueFund			Policy 2 Description: BCHSA2 - BlueChoice HMO OA HSA Compatible		
	Annual Premium (before subsidy)	Employer Contribution to premium (before subsidy)	Employer contribution to HSA (before subsidy)	Annual Premium (before subsidy)	Employer Contribution to premium (before subsidy)	Employer contribution to HSA (before subsidy)
Employee	\$2,976	\$1,200	\$1,000	\$2,976	\$1,200	\$0
Employee/Child(ren)	\$5,508	\$1,200	\$1,000	\$5,508	\$1,200	\$0
Employee/Spouse	\$6,840	\$1,200	\$1,000	\$6,840	\$1,200	\$0
Family	\$8,340	\$1,200	\$1,000	\$8,340	\$1,200	\$0

Compatible Plans must have \$0 for Employer HSA Contribution

Type of coverage	Policy #3 Description: BCHSA3 - BlueChoice HMO OA HSA Compatible Medicare			Policy 2 Description:		
	Annual Premium (before subsidy)	Employer Contribution to premium (before subsidy)	Employer contribution to HSA (before subsidy)	Annual Premium (before subsidy)	Employer Contribution to premium (before subsidy)	Employer contribution to HSA (before subsidy)
Employee	\$2,532	\$1,200	\$0			
Employee/Child(ren)	\$0	\$0	\$0			
Employee/Spouse	\$0	\$0	\$0			
Family	\$0	\$0	\$0			

Required Plan Set-up in CareFirst Systems & MHCC Subsidy

The following chart outlines the various Subsidy product offerings to assist you in helping employers complete the MHCC Employer Application - Part 1A.

Scenario – Initial Sale	Additional Products Required	Employer Application Part 1A Coding Requirements (Policy IDs and Names)		CareFirst Products on Proposals	Comments
		Policy ID	Policy Name		
Group purchases 1 BlueFund product (example) <ul style="list-style-type: none"> BlueFund HMO HSA 	<ul style="list-style-type: none"> HMO HSA Compatible (or any subsidy eligible Compatible product) 	BCHSA1	BlueChoice HMO OA HSA BlueFund	HMO HSA BlueFund HMO HSA Compatible	Employees who are not eligible for HSA accounts must be enrolled in Compatible.
		BCHSA2	BlueChoice HMO OA HSA Compatible		
		BCHSA3	BlueChoice HMO OA HSA Compatible Medicare		
Group purchases 2 BlueFund products (example) <ul style="list-style-type: none"> BlueFund HMO HSA BlueFund OOP HSA 	HMO HSA Compatible (or any subsidy eligible Compatible product)	BCHSA1	BlueChoice HMO OA HSA BlueFund	HMO HSA BlueFund OOP HSA BlueFund HMO HSA Compatible	Employees who are not eligible for HSA accounts must be enrolled in Compatible.
		OOPHSA1	BlueChoice OOP OA HSA BlueFund		
		BCHSA2	BlueChoice HMO OA HSA Compatible		
		BCHSA3	BlueChoice HMO OA HSA Compatible Medicare		
Group purchases 3 BlueFund products <ul style="list-style-type: none"> BlueFund HMO HSA BlueFund OOP HSA BlueFund PPO HSA 	Not Allowed – Group must select at least one Compatible Product				
Group purchases 1 Compatible product (example) <ul style="list-style-type: none"> Compatible HMO HSA 	N/A	BCHSA2	BlueChoice HMO OA HSA Compatible	HMO HSA Compatible	No Employer Contribution to the HSA will be subsidized
		BCHSA3	BlueChoice HMO OA HSA Compatible Medicare		
Group purchases 2 Compatible products (example) <ul style="list-style-type: none"> Compatible HMO HSA Compatible OOP HSA 	N/A	BCHSA2	BlueChoice HMO OA HSA Compatible	HMO HSA Compatible OOP HSA Compatible	No Employer Contribution to the HSA will be subsidized
		BCHSA3	BlueChoice HMO OA HSA Compatible Medicare		
		OOPHSA2	BlueChoice OOP OA HSA Compatible		
		OOPHSA3	BlueChoice OOP OA HSA Compatible Medicare		
Group purchases 3 Compatible products <ul style="list-style-type: none"> Compatible HMO HSA Compatible OOP HSA Compatible PPO HSA 	N/A	BCHSA2	BlueChoice HMO OA HSA Compatible	HMO HSA Compatible OOP HSA Compatible PPO HSA Compatible	No Employer Contribution to the HSA will be subsidized
		BCHSA3	BlueChoice HMO OA HSA Compatible Medicare		
		OOPHSA2	BlueChoice OOP OA HSA Compatible		
		OOPHSA3	BlueChoice OOP OA HSA Compatible Medicare		
		PPOHSA2	BluePreferred PPO HSA Compatible		
		PPOHSA3	BluePreferred PPO HSA Compatible Medicare		

We highly recommend that you attend formal training provided by your Broker Sales Representative and/or your DBE/Wholesaler.

If you have any questions, please contact your Broker Sales Representative.



Shekar Subramaniam
Associate Vice President, Broker Sales