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MARCH 31, 2010

VIRGINIA LOCAL GROUP

 PRINT  FEEDBACK



Advisor Update

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COBRA Subsidy Program Extended to March 31

On Tuesday, March 2, 2010, the Temporary Extension Act of 2010 was signed into law by President Barack Obama. The act extends the COBRA subsidy eligibility period originally introduced under the American Recovery and Reinvestment Act of 2009 (ARRA), as amended by the Department of Defense Appropriations Act, 2010, and creates new eligibility rules for certain individuals who experience a qualifying event that reduces hours of employment and then are subsequently involuntarily terminated from employment.

The act extends the eligibility period for the COBRA subsidy program until March 31, 2010. Individuals who are involuntarily terminated from employment through March 31, 2010, are eligible for the subsidy available under ARRA. Election notices and procedures must be modified to reflect this new sunset date.

State continuation impact

The state continuation subsidy period for assistance-eligible individuals (AEIs) varies by state but cannot exceed 15 months regardless of state continuation rules. In Virginia, the state continuation period was recently extended from 9 months to 15 months.

New rules regarding reduced hours qualifying events

Individuals who experienced a qualifying event due to reduced hours of employment (occurring on or after September 1, 2008) and are then involuntarily terminated from employment (as defined by ARRA) between March 2 and March 31, 2010, are eligible for the subsidy if they are otherwise an AEI. This new rule only applies to periods of coverage beginning after March 2, 2010. (That is, if the COBRA coverage period typically begins on the first of the month, the first subsidized COBRA coverage period would not begin until April 1, 2010.)

New election period

Individuals who experienced a qualifying event due to reduced hours of employment and who did not elect COBRA coverage, or elected and subsequently lost COBRA coverage, are entitled to a new COBRA election period if they subsequently were involuntarily terminated from employment between March 2 and March 31, 2010 (that is, on or after March 2, 2010, and on or before March 31, 2010).

NOTE: Although the involuntary termination of employment is

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treated as the qualifying event that triggers eligibility for the subsidy, the applicable COBRA period is measured from the date of the original qualifying event (the reduced hours of employment).

IMPORTANT: This new rule does not provide a new COBRA period to AEIs whose COBRA period has already expired simply because they are involuntarily terminated from employment between March 2 and March 31, 2010.

AEIs are not required to pay for any period of coverage between the date of the reduced hours of employment and the first period of COBRA continuation coverage following the subsequent involuntary termination of employment. Any break in coverage between the reduced hours and the involuntary termination of employment is not treated as a "break in coverage" for HIPAA portability purposes.

New notice requirement

Individuals described above must receive a notice describing these new rules within 60 days of being involuntarily terminated from employment. Watch for updates about our plans for notification.

For an example of how the new rules apply, see [Mary's Story](#).

Civil action and penalties

In addition to civil actions that may be brought to enforce the provisions of ARRA and the act, an affected individual or the Treasury and/or Department of Labor (DOL) may also may bring a civil action to enforce any determinations and for appropriate relief. Additionally, plan sponsors or health insurers can be assessed a penalty of up to \$110 per day for failure to comply with Treasury or DOL determinations within 10 days after receiving notice of the determination.

Additional Information

We will continue to monitor developments related to COBRA and the subsidy program and will provide additional information, including additional guidance issued by the Treasury or DOL, as it becomes available.

If you have additional questions, please contact your sales representative.

New System, New Process Will Simplify ERISA Form 5500 Reporting

To more effectively implement the new Department of Labor ERISA Form 5500 requirements for reporting non-monetary and indirect compensation on Schedules A and C, we are centralizing and standardizing the production of reports.

Our new online system will do the following:

- consolidate all Form 5500 information
- eliminate our current manual processes
- produce consistent, enterprise-wide reports for our customers
- enable us to deliver reports to customers more quickly and efficiently

With the new system, we will be able to produce reports for all customer accounts within 120 days following an account's policy end date each year. Reports will be mailed directly to clients, beginning in late April. Note that accounts with enrollment on multiple systems will receive a separate report for each system.

Due to the new requirements and reporting system, we will be unable to accommodate individual requests for early distribution of the report.

Reportable non-monetary compensation

On Schedule A reports, non-monetary compensation (entertainment, gifts, etc.) will be included with bonus and override payments and show only as an aggregated (total) dollar amount in the "Other Compensation" category.

On Schedule C reports, non-monetary compensation will be included with commission, bonus and override payments and show only as an aggregated dollar amount in the category of Indirect Compensation paid to brokers.

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

International Emergency Dental Care Now Available for Dental Members

As of March 1, 2010, all Anthem Blue Cross and Blue Shield dental members have access to emergency dental care while traveling or working abroad through the International Emergency Dental Program administered by DeCare Dental.* This new benefit is automatically included at no additional cost for all individuals and groups with dental coverage.

Why? We know it's important for our members to have access to emergency dental treatment when they're far from home, and this new benefit gives them access to a worldwide listing of credentialed dentists.

Here's how it works

For emergency dental care while traveling internationally, members simply:

1. Call our international service center right away. (Our [member slick](#) includes a cut-out wallet card with details on how to make that call.) An English-speaking customer service representative can help find a dentist. And he or she can even assist with translation services when contacting the dentist's office.
2. Schedule an appointment with the dentist.
3. After treatment is received, pay the dentist directly and ask for a receipt.
4. Print a claim form from www.decare.com and submit the completed form along with the receipt to the address listed on the claim form.

Claims are paid directly to members in U.S. currency, since the patient pays the bill at the time services are rendered. And best of all - emergency dental care received from an International Emergency Dental Program dentist is reimbursed in full and does not count against the member's annual plan maximum.

Contact your Anthem sales representative or Specialty Sales Manager if you have questions about the new International Emergency Dental Program.

***DeCare Dental is a wholly owned subsidiary of the parent company of Anthem Blue Cross and Blue Shield.**

The International Emergency Dental Program is administered by DeCare Dental. No such relationship other than that of independent parties under an arrangement with each other solely for the purposes of providing dental care to Anthem Blue Cross and Blue Shield members may be deemed to exist between DeCare Dental and participating

New regulations released for Mental Health Parity

On February 2, 2010, the federal government issued regulations that interpret the changes to the federal Mental Health Parity Act, which requires "parity" between the financial requirements and treatment limitations applied to medical or surgical benefits, and mental health and substance-use disorder benefits. This law impacts group health plans, both fully insured and self-funded, with more than 50 total employees.

These rules were to be issued by October 1, 2009, but the federal government did not make this deadline. Since the rules were not issued on time, we worked with an external law firm and other industry resources to apply reasonable interpretations to the law. Despite our good-faith efforts, the new rules differ from the interpretation we and many other insurers applied to the law.

Although we are still reviewing the law and will provide periodic updates in the future, the following will provide you with some answers to questions your clients may be asking.

When do the new regulations apply?

The new regulations apply to group plan years beginning on or after July 1, 2010. As you may remember from our implementation of the statute, we do not track a group's plan year. Accordingly, we will use the group's renewal date as the effective date for a group unless we are instructed otherwise.

What do the new regulations require?

Among other things, the Mental Health Parity Act specifically requires the following to be in parity: deductibles, copayments, coinsurance, out-of-pocket expenses, and limits on frequency of treatment, number of visits and number of days of coverage.

Will we need to make changes to our health plan benefits to comply with this rule?

It depends on the plan design. We expect our HSA/HRA plans to comply with the rules. This is because the only benefits that aren't subject to coinsurance and deductible are the preventive care benefits. Those benefits are not significant enough to require changes to how we pay for mental health and substance abuse benefits. This will be true for other deductible/coinsurance plans as well (those that do not have copays except for prescription drugs).

Why will plans that use a mix of copays and coinsurance/deductibles require a closer review?

The rules essentially require a three-part test. First, we have to split all of our medical benefits into the following six categories: inpatient in-network, inpatient out-of-network, outpatient in-network, outpatient out-of-network, emergency room and prescription drug.

Then, after the medical benefits have been categorized, we must determine the percentage of benefits within each category that apply the cost-share feature we are looking at.

Finally, to determine the amount of the cost-share feature that can apply to mental health and substance abuse benefits (for example, should the \$10 or \$20 copay amount apply), we must determine which cost-share or combination of cost-share amounts apply to more than half of the benefits within the category.

Considering the variety of plan designs we have, this review will take some time. We are working with our actuarial department to develop a tool to be used by Underwriting and others to evaluate plans that differ from our standard products.

How do the rules impact groups that use third parties to administer mental health and substance abuse benefits?

Many in the industry expected that the federal government would allow one deductible for medical benefits and another for mental health and substance abuse benefits. Although the rules indicated that this was a reasonable interpretation of the statute, it was decided that this should not be continued going forward. Instead, the same deductible must apply to both medical benefits and mental health and substance abuse benefits.

Considering the administrative complexity of integrating deductibles, we are determining the processes and any additional costs that will be applied if carve-out benefits are allowed.

How do the rules impact utilization management?

The rules generally provide that our utilization review criteria cannot be more stringent for mental health and substance abuse than for medical benefits. However, the rules do recognize that there may be clinically appropriate reasons for some differences to exist. Group health plans cannot use EAP programs as a first level of care before medical benefits can be used. We are looking at our utilization management processes to ensure they continue to comply with the rules.

As you can see, these rules are very complicated. We recognize that groups are asking questions now, but we want to give the right answer; not just the fastest answer. We are working to ensure that our interpretation of the rules is as accurate as possible. We are also preparing comments to the rules to ensure that the federal government is aware of the issues raised by its interpretation of the rules and to respond to the questions the government asked (for example, should plans be required to allow benefits for residential treatment centers).

Watch for future updates as we work through these issues.

Introducing the Time Well Spent Wellness Calendar:

A simple solution for better workplace health

Time Well Spent (TWS) is a turnkey solution aimed at creating a culture of health to help improve the health of our members. Part of 360° Health[®], Time Well Spent is available for no additional cost and can provide employers with the tools they need - posters, newsletter articles and more - to inspire healthy lifestyle choices among their employees. The results: Healthier employees and healthier companies.

To help employers promote wellness content in the workplace on an ongoing basis, we are offering a new TWS Wellness Calendar. The calendar provides a month-by-month guide to national health and wellness observances, such as American Heart Health month and National Cholesterol Education month, and related materials from TWS to share with employees. The information provided in the TWS Wellness Calendar offers employees basic, good-sense guidance, based on nationally recommended guidelines, about adopting healthier habits - habits that can help produce a healthier work force.

All of the information is conveniently packaged in a PDF document with direct links to the TWS materials and national health observance websites for every month to help educate members on important health and wellness topics.

The following are some suggestions on how employers can share the good health news and resources provided through TWS:

- E-mail blasts
- Company newsletter - i.e., wellness column/page
- Posters in break rooms, employee lounges and other high-visibility areas
- Payroll inserts
- Company intranet
- Handouts at benefits seminars and health fairs
- On-site fitness centers and cafeterias

To access Time Well Spent, visit anthem.com, select Employers, select your state and click on Enter. Then, on the Employer portal landing page, click on the link for Time Well Spent. From here, employers can sign up for bi-monthly TWS email alerts, email reminders that can help them plan campaigns throughout the year.

Ask your sales representative for more information and a copy of the new Time Well Spent

New Requirements for State Children's Health Insurance Program

As you know, the Children's Health Insurance Program Reauthorization Act of 2009 was signed into law on February 4, 2009, and reauthorizes the State Children's Health Insurance Program (SCHIP) for four and a half more years.

New 60-day enrollment opportunities

The legislation provided for two new special enrollment opportunities to elect coverage under group health plans. A special enrollment period of 60 days will be allowed in the following additional circumstances:

- 1) If a member or his or her eligible dependent's coverage under Medicaid or the SCHIP is terminated due to loss of eligibility; or
- 2) If a member or his or her eligible dependent becomes eligible for premium assistance under a state Medicaid or SCHIP plan.

The special enrollment rights became effective for plan years beginning on or after April 1, 2009. As an insurer and administrator of self-funded plans, we began to include these new rights in benefit plan materials upon group renewal beginning as early as July 1, 2009, depending on the state.

Notice requirements

In conjunction with the special enrollment rights, the law also imposed two new disclosure requirements:

- 1) On February 4, 2010, the secretaries of Labor and Health and Human Services issued the model employer notice, designed to ensure that employees are aware of possible premium assistance opportunities that may be available to them. Employers are required to provide these notices to all employees by the date that is the later of 1) the first day of the plan year after February 4, 2010, or 2) May 1, 2010. The model notice is available at the following web link: <http://www.dol.gov/ebsa/chipmodelnotice.doc>
- 2) A plan administrators notice - designed to ensure that the states, upon request, have adequate information to properly coordinate coverage for individuals who are eligible for both state assistance and employer-sponsored coverage - will be issued by August 4, 2010. The secretaries of Labor and Health and Human Services will publish a model coordination of coverage disclosure form that plan administrators must use to provide the required information to the state.

Each state will develop its own guidelines as to when or if it is cost effective to provide premium assistance for people eligible for Medicaid or SCHIP to buy into their employers' health plans. The subsidy may be provided as a reimbursement to the employee or as a direct payment to the employer (unless the employer opts out of receiving direct payments).

If you have questions, please see the [CHIPRA FAQ](#) or contact your sales representative.

Reminder to Sign Business Associate Agreement

In December, we sent you a request to review and sign our new Business Associate Agreement (BAA). The agreement is required by federal law.

If you have not yet signed the new BAA, please do so promptly. If you receive a second-notice letter, we have not received your signed BAA.

For your convenience, we have developed a secure website so that you can electronically sign the new BAA. You can use the website to access, review, electronically sign, and print your new BAA. Your privacy is important to us and this secure method of executing your agreement will protect your personal information.

Please follow the steps below to ensure a secure process:

1. Visit our secure site by entering the URL exactly as follows:

<http://baagreement.com/signature>

2. Enter your full **Tax Identification Number** in the appropriate field on the screen
3. Enter the **Access Code shown on your notice letter** (if you do not have the letter, ask your Broker/Agency Services area or Sales Representative for your unique Access Code)
4. Click on the **"Validate"** button
5. On the next screen, click on the **"View BAA"** button
6. **Read** the BAA, then **enter your name in the electronic signature field**
7. Click the **"I Agree"** button

If your new BAA is not on file, your access to member protected health information will be restricted. This will jeopardize the level of service provided to our customers, and may put our continued business relationship at risk. If you have not already responded, please do so promptly!

Background

The American Recovery and Reinvestment Act of 2009 (ARRA) includes a number of privacy provisions that directly impact you as a business associate. ARRA makes HIPAA privacy requirements directly applicable to you, our business associate, and allows for direct state and federal enforcement of those requirements.

ARRA also requires covered entities to issue amended Business Associate Agreements (BAAs). As our business associate, you are required to sign the new BAA and comply with the new HIPAA/ARRA requirements, which include notifying us of any use or disclosure of protected health information (PHI) not permitted by your BAA or any breach of the security of your information systems.

For additional information, please download the [Business Associate Agreements FAQs for Brokers](#) or contact your local Sales Representative.

Community Corner

Helping to improve the health of the communities we serve is at the heart of everything we do. And that effort extends far beyond paying for claims. Throughout 2010, we're collaborating for a number of opportunities to actively engage our community members in improving their health - or someone else's, because research shows that our behaviors can impact those around us. Check out our [2010 Community Involvement and Events Calendar](#) for more details.

Anthem Stride Through Time

On June 5th, lace up your walking shoes and come join us for Anthem Stride Through Time, featuring a 10K walk through the historical sites in Richmond. Enjoy live music, costumed interpreters and more. The event supports the Valentine Richmond History Center, Historic Richmond Foundation and Connor'sHeroes for children with cancer. To sign up, visit www.sportsbackers.org/events/events.htm.

Anthem's LemonAid Hero: *A teen with a mission*

Last summer we brought you the story of Ben Millefolie, an amazing young man who is living proof that threatened tragedy can turn into triumph. Three years ago, shortly before his 10th birthday, Ben's family received devastating news - Ben had T-Cell Acute Lymphoblastic Leukemia (ALL). Ben's life was transformed from that of a boy looking forward to celebrating a double digit birthday to facing months of doctor visits, hospital stays, radiation and medications.

Ben's mom, Priscilla, saw another transformation as well. Her son's spirited disposition become frighteningly quiet and withdrawn. Priscilla knew that Ben's emotional health was a critical

weapon in helping him fight his illness. Anthem LemonAid gave her the solution she needed to turn Ben toward something he could focus on and control.

Ben did more than just man a lemon aid stand. He got his family, school, church and even a local radio station involved to raise awareness and cancer research dollars. But that was just the beginning. Over the past few years, Ben has become so enthusiastic about participating in the annual Anthem LemonAid campaign that one year he and his family cut their vacation short in order to be back in time to participate. That's dedication! Last summer he met his personal best, raising \$2,000 with the help of a good friend who sat alongside him for the entire LemonAid weekend. It's rare to see young people so committed to something as serious as cancer research, but Ben and all those who support him are determined to do whatever it takes.

The best news of all is Ben's health today. He's now three years into remission and feeling better than ever. Other than monthly checkup visits, his life is very much like any other teenager's. Even so, Ben remains committed to cancer research and will be hosting an Anthem LemonAid stand as usual this summer. As Ben and his family have said, "We will not stop until we find a cure."

Your child can be a hero, too

Encourage your child to make a difference this summer by hosting a lemonade stand during the Anthem LemonAid weekend, scheduled for July 16th - 18th. This annual event, in which we team up with Children's Miracle Network, has grown over the years to not only include the Richmond area, but Roanoke and the Tidewater area as well. Last summer, more than 1,200 stands popped up throughout the state and participants raised \$110,000 leading to \$367,000 raised overall. All funds raised go directly to the Children's Hospital and VCU Children's Medical Center.

Setting up a lemonade stand is easy. We'll supply the cups, drinks and signs. The kids supply the manpower and, together, we can raise even more this year to fight pediatric cancer. To register, visit us online at www.anthemlemonaid.com.

Anthem Moonlight Ride

Join us on Saturday, August 21, 2010 for our second annual Anthem Moonlight Bike Ride. The event features a "Full Moon" (17 miles) route or a "Half Moon" (8 miles) route, allowing cyclists of varying skill levels to participate. Participants can enjoy live music and refreshments, and prizes for "Best Costume" and "Best Decorative Lights. Proceeds from the event will benefit the VCU Pauley Heart Center, which is recognized nationally for its heart failure and heart transplantation programs.

Learn more by visiting www.sportsbackers.org/events/moonlight/moonlight_ride.htm.

Anthem Movin' and Groovin'

On Saturday, August 28, 2010, walk and bike enthusiasts will get another chance to take part in healthy exercise at the 6th annual 5k Run, 2-mile walk, and kids' fun run through Dorey park, the largest park in Henrico County. Participants can make a day of it, enjoying the lake, Frisbee range, picnic shelters, kids play areas and more. Proceeds from this event go to benefit pancreatic cancer research. Visit www.movinandgroovin5k.org for more information or to register.

Anthem Great Pumpkin 5K Run

Bring the family out for our 2nd annual Anthem Great Pumpkin 5K, featuring premier pedestrian-friendly areas of Reston, Virginia and is scheduled for Saturday October 9th. Bring your best carved pumpkin and compete for top honors. A fun-filled day for the whole family, this event benefits Inova Heart and Vascular Institute. Log on to www.thegreatpumpkin5k.com to learn more.

American Heart Walk

Help save lives by joining us for this annual walk that benefits the American Heart Association's research to fight heart disease. Whether you are a serious runner or a walker who wants to bring your kids or pet, this family-friendly event promises a day of healthy fun for

all. Scheduled for Saturday, October 23 at Snag a Job pavilion in Innsbrook (Richmond).

Visit www.startwalkingnow.org/start_heart_walk.jsp for more information or to register.

Check out the new format of MyAnthem News for employers

The new *employer* MyAnthem News was released via email in early March. Starting with first quarter's issue, we enhanced our employer communication by going to an interactive and comprehensive online magazine format. This new web-based "Ezine" format simplifies the delivery of information to employers and helps improve their experience as customers.

Click [HERE](#) for a closer look at this quarter's issue.

Visit Anthem's 75th Anniversary Celebration Microsite

Anthem has a rich history and tradition of serving generations of Virginians. Please join us in recognizing our 75th Anniversary of serving the people and businesses of Virginia - a celebration of health and wellness across the state. Visit our special 75th anniversary "microsite" at <http://www.anthembcbs-va.com/> to find 75 Tips for Better Health, information about our history, a special video message from our president, Burke King, and much more.

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