

Brief Notes

News for
Brokers and Consultants

April 12, 2012 Vol. 21 No. 839

3 Penn Plaza East, Newark, NJ 07105-2200

Applies to: Fully insured, large groups that offered Horizon HMO in 2011

Church Plan Status and Inactive Group Address Attestations for Potential Medical Loss Ratio (MLR) Rebates

Although we are still determining the final 2011 numbers, Horizon Healthcare of New Jersey, Inc. may need to issue premium rebates to our fully insured, large group HMO customers.

To prepare for the potential rebate issuance, we need to gather information from two subsets of our fully insured, large group HMO customers:

- Groups that may be Employee Retirement Income Security Act-exempt (ERISA-exempt) church plans; and
- Inactive accounts.

On Friday, April 13, 2012, we will mail letters and church plan status attestation forms or inactive group address attestation forms to affected group administrators.

Please read the following questions and answers to help you respond to client questions about the mailings and the information we need from the affected large group customers.

Q1. What is Horizon BCBSNJ mailing to ERISA-exempt church plans?

A1. On April 13, 2012, we will mail a cover letter and a church plan attestation form to the group administrators of 19 groups that we have identified as potential church groups. We identified these groups by:

- Searching our large group HMO files based on related SIC codes and other indications that a group may be a religious organization; and
- A manual review of the records.

(Continues)

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Horizon Blue Cross Blue Shield of New Jersey

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The letter will direct the group administrators to complete the attestation form and return it to us within 10 business days, using a postage-paid, business reply envelope.

View a sample of the April 13 church plan attestation mailing *here*.

Q2. What is Horizon BCBSNJ mailing to inactive groups?

A2. On April 13, 2012, we will mail a cover letter and an address attestation form to the group administrators of 73 inactive groups that offered Horizon HMO in 2011.

The letter will direct the group administrators to complete the attestation form and return it to us within 10 business days, using a postage-paid, business reply envelope.

View a sample of the April 13 inactive group attestation mailing *here*.

Q3. If a group administrator has questions about the mailings, whom should he or she call?

A3. Group administrators of active groups may contact you or call their Horizon BCBSNJ Account Manager with questions.

Group administrators of inactive groups may contact you or refer to the U.S. Department of Labor website at <www.dol.gov/ebsa/healthreform>.

Q4. When are the forms due?

A4. The forms will be mailed to the group administrators on April 13. We are asking groups to return the forms to us within 10 business days of the mailing.

Q5. What will happen if group administrators don't respond by the deadline?

A5. If we don't receive the information by the deadline, the affected groups' Account Managers will contact the broker of record and/or the account directly, as appropriate, to collect the information.

In the case of inactive groups, we will also use information from a data vendor to try to locate the groups.

Q6. Will church plan groups be required to attest to their health plan's status every year?

A6. No. Once we have a signed attestation form on file, we will assume the health plan's status is unchanged, unless the group administrator notifies us otherwise.

If you have questions about these mailings or the federal MLR requirements, please contact your Horizon BCBSNJ sales representative or account executive.



Horizon Blue Cross Blue Shield of New Jersey

Three Penn Plaza East
Newark, NJ 07105-2200
www.HorizonBlue.com

April 13, 2012

Dear Group Administrator:

Under the Medical Loss Ratio (MLR) requirement of the federal Affordable Care Act (ACA), your group health plan may be entitled to a rebate of premiums paid in 2011, *if* Horizon Blue Cross Blue Shield of New Jersey did not meet the MLR requirement for groups that average 51 or more employees during a calendar year.

Before issuing any such rebate, Horizon BCBSNJ must confirm:

- Your group health plan's status as an Employee Retirement Income Security Act-exempt (ERISA-exempt) church plan; and
- If your group health plan is an ERISA-exempt church plan, your commitment to use the amount of the rebate that is proportionate to the total amount of premium paid by all subscribers under the plan, for the benefit of the subscribers, in accordance with 45 CFR §158.242. Pursuant to 45 CFR §158.242(b)(3). An ERISA-exempt church plan may use the rebate in one of the following ways:
 - Reduce the subscribers' portion of premium for the subsequent policy year *for all subscribers covered under any option offered* under the policyholder's group health plan at the time the rebate is received.
 - Reduce the subscribers' portion of premium for the subsequent policy year *for subscribers covered under the group health plan option for which the issuer is providing a rebate* at the time the rebate is received.
 - Issue a cash refund to *subscribers enrolled in the group health plan option for which the issuer is providing a rebate* at the time the rebate is received.

Premium reductions or cash refunds may be:

- Divided evenly among subscribers;
- Divided based on each subscriber's actual contributions to premium; or
- Apportioned in a manner that reasonably reflects each subscriber's contributions to premium.

Former subscribers' premium contributions must be aggregated and used for the benefit of current subscribers in the group health plan in any manner described above.

If we do not receive your written assurance that you will follow the ACA requirements noted above, we must distribute the premium rebate directly to the subscribers of your group health plan covered by the policy during 2011. Horizon BCBSNJ will divide the entire rebate in equal amounts and distribute it to all subscribers entitled to a rebate without regard to how much each subscriber actually paid toward premiums.

(Over, please)

Please complete the enclosed attestation form and return your response **within 10 business days**, using the enclosed business reply envelope, to:

**Horizon BCBSNJ
P.O. Box 607, Dept. A
Newark, NJ 07101-0607**

If you have questions about the MLR requirement, please contact your Horizon BCBSNJ Account Manager or refer to the U.S. Department of Labor website at www.dol.gov/ebsa/healthreform.

Sincerely,



Al Bowles
Vice President
Commercial & Major Accounts Markets

CMC0003552

**Medical Loss Ratio (MLR) Attestation Form
for (Group Health Plan Name)
(Group Number)**

Please complete this attestation form and return your response **within 10 business days**, using the enclosed business reply envelope, to:

**Horizon BCBSNJ
P.O. Box 607, Dept. A
Newark, NJ 07101-0607**

By signing the below on behalf of **(Group Health Plan Name)**, I, group administrator for the plan, attest that the plan:

- | | | |
|--|--|--|
| <p><input type="checkbox"/> Is an ERISA-exempt church plan*.
<i>And, as an ERISA-exempt church plan, the plan:</i></p> <ul style="list-style-type: none"><input type="checkbox"/> Agrees to use any rebate issued for the benefit of the group health plan subscribers in accordance with 45 CFR §158.242.<input type="checkbox"/> Does not agree to use any rebate issued for the benefit of the group health plan subscribers. | | <p><input type="checkbox"/> Is not an ERISA-exempt church plan.</p> |
|--|--|--|

Horizon Blue Cross Blue Shield of New Jersey will distribute applicable rebates in good faith in reliance of the group administrator's attestation on behalf of **(Group Health Plan Name)**. Horizon BCBSNJ shall be held harmless for any losses that result from our action taken in reliance upon your attestation.

* The term "church plan" means a plan established and maintained (to the extent required in clause (ii) of subparagraph (B)) for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from tax under section 501 of title 26. (29 USC 10025(33)(A))

Print name of Group Administrator for the Plan

Signature of Group Administrator for the Plan

Date



Horizon Blue Cross Blue Shield of New Jersey

Three Penn Plaza East
Newark, NJ 07105-2200
www.HorizonBlue.com

April 13, 2012

Dear Group Administrator:

Under the Medical Loss Ratio (MLR) requirement of the federal Affordable Care Act (ACA), your group health plan may be entitled to a rebate of premiums paid in 2011, *if* Horizon Blue Cross Blue Shield of New Jersey did not meet the MLR requirement for groups that average 51 or more employees during a calendar year.

Because your group health plan is no longer an active customer with Horizon BCBSNJ, we must confirm your group health plan's current address before sending any rebate. If this company is no longer in business, then any rebate will be distributed directly to the last known group health plan subscribers.

The mailing address we have on file is:

(Group Name)
(Address1)
(Address2)
(City), (ST) (ZIP Code)

Please use the appropriate checkbox on the enclosed form to confirm or correct this information, or indicate that this company is no longer in business. Please return your response **within 10 business days**, using the enclosed business reply envelope, to:

Horizon BCBSNJ
P.O. Box 607, Dept. A
Newark, NJ 07101-0607

We expect to mail any potential rebate in July 2012. As the group administrator for the group health plan, you are responsible for distributing any premium rebate mailed to your group health plan. You may distribute the amount of the rebate in one of the following ways:

- Reduce the subscribers' portion of premium for the subsequent policy year *for all subscribers covered under any option offered under the policyholder's group health plan at the time the rebate is received.*
- Reduce the subscribers' portion of premium for the subsequent policy year *for subscribers covered under the group health plan option for which the issuer is providing a rebate at the time the rebate is received.*
- Issue a cash refund to *subscribers enrolled in the group health plan option for which the issuer is providing a rebate at the time the rebate is received.*

(Over, please)

Premium reductions or cash refunds may be:

- Divided evenly among subscribers;
- Divided based on each subscriber's actual contributions to premium; or
- Apportioned in a manner that reasonably reflects each subscriber's contributions to premium.

Former subscribers' premium contributions must be aggregated and used for the benefit of current subscribers in the group health plan in any manner described above.

If you have questions about the MLR requirement, please refer to the U.S. Department of Labor website at www.dol.gov/ebsa/healthreform.

Sincerely,



Al Bowles
Vice President
Commercial & Major Accounts Markets

CMC0003553

**Medical Loss Ratio (MLR)
Inactive Group Address Attestation Form
for (Group Health Plan Name), (Group Number)**

Please complete this attestation form and return your response **within 10 business days**, using the enclosed business reply envelope, to:

**Horizon BCBSNJ
P.O. Box 607, Dept. A
Newark, NJ 07101-0607**

By signing the below on behalf of **(Group Health Plan Name)**, I, group administrator for the plan, attest that:

The address listed above is **correct**.
Please mail any potential rebate to this address.

The address listed above is **incorrect**.
Please mail any potential rebate to:

This company is no longer in business.

Horizon Blue Cross Blue Shield of New Jersey will distribute applicable rebates in good faith in reliance of the group administrator's attestation on behalf of **(Group Health Plan Name)**. Horizon BCBSNJ shall be held harmless for any losses that result from our action taken in reliance upon your attestation.

Print name of Group Administrator for the Plan

Signature of Group Administrator for the Plan

Date