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PA 08-21

To: Participating Agency Health Benefit Administrators

From: Robert W. DuBois, Director of the Employee Benefits Division

Subject: New York State Health Insurance Program (NYSHIP) Benefit Changes for the Empire Plan Participating Agencies

Date: December 8, 2008

This is a summary of Empire Plan benefit changes with effective dates of October 1, 2008 through January 1, 2011 for Participating Agency enrollees and their enrolled dependents. These changes apply to PA enrollees who are Active Employees, Retirees, Vestees, Dependent Survivors and COBRA enrollees. Please note this summary information is not intended to provide a complete description of each change. Enrollees will receive information about a voluntary Prescription Drug Program and January 1, 2009 changes in their *Empire Plan At A Glance* publication that was mailed last week along with a new card-sized copayment schedule and the 2009 Flexible Formulary Drug List. See HBA memo PA08-17 for more information. Detailed information about changes through 2009 will be provided in the January 2009 *Empire Plan Report* and Certificate Amendments that will be mailed separately. If enrollees have any questions about the benefit changes they should contact the appropriate Empire Plan program administrator by calling 1-877-7-NYSHIP (1-877-769-7447). If you have any questions about any of the information in this memo, please contact your agency processor for assistance.

New Empire Plan Benefit Cards

These Empire Plan benefit changes include copayment increases that will be implemented beginning January 1, 2009. As a result, in early December Participating Agency enrollees will receive new NYSHIP Empire Plan Benefit Cards with copayment code D to replace the cards with copayment code A. Enrollees should destroy the cards with copayment code A and begin using the new cards on January 1.

On October 16, 2008, approximately 3,000 of the new cards with copayment code D were inadvertently mailed to enrollees. If you are contacted by enrollees who may have already received new cards, please inform them to keep the cards for use beginning January 1, 2009. Any requests for the new or replacement cards with copayment code D should be processed on or after December 10, 2008. All card requests submitted before December 10, 2008 will generate the benefit card with copayment code A.

VOLUNTARY PROGRAM AVAILABLE OCTOBER 1, 2008

Empire Plan Prescription Drug Program

Half Tablet Program: This optional program is designed to help enrollees save money on their prescription drug copays. Eligible Empire Plan enrollees should have received an informational letter about the voluntary Half Tablet Program if they have recently filled a prescription for a medication included in the Half Tablet Program. United Healthcare (UHC) will send Half Tablet Program letters to additional eligible enrollees on a monthly basis.

CHANGES EFFECTIVE JANUARY 1, 2009

Empire Plan Benefits Management Program

Prospective Procedure Review Program: The Prospective Procedure Review (PPR) Program pre-notification requirement will apply to MRA, CT, PET and Nuclear Medicine diagnostic procedures, as well as MRIs which currently require pre-notification. A call to UHC is required before the procedure is performed on an elective (non-emergency) basis in an outpatient setting. (PPR requirements do not apply if the enrollee or dependent is a hospital inpatient.) For services received on or after January 1, 2009, failure to contact UHC in advance will result in a reduction of benefits. It is recommended that enrollees call two weeks prior to the procedure whenever possible.

Empire Plan Centers of Excellence (COE) Programs

Travel Benefit: Differences in the basis for reimbursement for covered travel expenses under the COE Programs for Cancer Services, Transplants and Infertility have been eliminated. The following reimbursement will be used for all COE programs: Meals and lodging reimbursement for enrollees living more than 100 miles from the Center of Excellence and a traveling companion will be based on the U.S. General Services Administration (GSA) per diem rate, updated on an annual basis. These rates can be located at www.gsa.gov. Only one lodging reimbursement per day will be allowed. The following are the only additional travel expenses that are reimbursable: meals, auto mileage (personal or rental car) reimbursed at standard IRS defined rate for medical services (which is 27 cents per mile as of July 1, 2008), economy class airfare (for enrollees living more than 200 miles from the COE), train fare, taxi fare, parking, tolls, shuttle or bus fare from lodging to COE. Reimbursement for travel and lodging benefits will be available as long as the patient remains enrolled and receiving benefits under the COE Programs. If the patient is a child, travel expense reimbursement continues to be available for a second companion.

Empire Plan Medical Benefit (UHC) Changes

Participating Provider Copayment Increase: The copayment will increase to \$20 for office visits and other services subject to a copayment, including surgical procedures performed during an office visit, radiology services, diagnostic laboratory services, physical therapy and chiropractic services.

Participating Outpatient Surgery Center Copayment Increase: The copayment for covered outpatient surgery performed at freestanding outpatient surgical locations will increase to \$30. The copayment also covers any radiology and laboratory tests performed on the same day of surgery at the same center.

Herpes Zoster (Shingles) Vaccine: The Herpes Zoster (Shingles) vaccine will be covered as a network benefit, subject to an office visit copayment, when received from a participating provider in accordance with established medical appropriateness protocols. (In general the protocol establishes medical necessity for individuals age 55 and above.) As with coverage for other adult vaccines, there is no non-network benefit.

Diabetes Education Centers: The Empire Plan network will include Diabetes Education Centers accredited by the American Diabetes Association Education Recognition program. Visits to a network center for self-management counseling are covered for enrollees and dependents that have been diagnosed with diabetes. Enrollees and dependents will be responsible for an office visit copayment for each covered visit. Participating Diabetes Education Centers can be found on the Civil Service website at www.cs.state.ny.us or by contacting The Empire Plan directly at 1-877-769-7447 and selecting UHC. Covered services at a non-network diabetes education center are considered under the Basic Medical Program subject to deductible and coinsurance.

Basic Medical Deductible Increase: The annual deductible will increase annually based on the CPI-W index. The 2009 annual deductible will increase from \$350 to \$363 for the enrollee, \$363 for the covered spouse or domestic partner, and \$363 for all dependent children combined.

Out-of-Pocket Maximum (OOPMAX) Calculation: The annual maximum coinsurance out-of-pocket expense under the Basic Medical component will be modified from a single amount for the enrollee and all covered dependents (currently \$1,650 per year) to \$1,000 per enrollee, \$1,000 per spouse or domestic partner, and \$1,000 for all dependent children combined.

Prosthetic Wig Benefit: Coverage for prosthetic wigs will change from one per lifetime to a maximum lifetime allowance of \$1,500 per individual. This benefit is payable under the Basic Medical program, not subject to deductible or coinsurance and uses the same medical necessity criteria currently in place.

Non-Network Hospital Charge Reimbursement Reduction: The maximum reimbursement under the Basic Medical Program for coinsurance paid as the result of using a non-network hospital, skilled nursing facility or hospice under the Hospital Program will be reduced from \$1000 to \$500.

Shoes for Individuals with Diabetes (“Diabetic Shoes”): An annual benefit will be available through the Home Care Advocacy Program (HCAP) for one pair of diabetic shoes when deemed medically necessary. The network benefit requires precertification by HCAP and provides for an annual maximum benefit of up to \$500, not subject to copayment. A non-network benefit is payable under the Basic Medical Program, subject to deductible, with the remainder of the cost reimbursed at 75% of the network allowance, up to an annual maximum benefit of \$500. The network benefit is available through the POMAC network, Hanger and participating podiatrists.

Chronic Kidney Disease Management Program: The Disease Management Program will include a Chronic Kidney Disease Resource Services Program for Empire Plan primary individuals. Enrollees or dependents that have been diagnosed with Chronic Kidney Disease will be invited by United Healthcare to participate in this disease management program.

Complementary & Alternative Medicine Program: The Complementary & Alternative Medicine Program (CAM) will end effective December 31, 2008.

Empire Plan Hospital Program Benefits (Empire Blue Cross) Change

Network Hospital or Hospital Owned Extension Clinic Physical Therapy Copayment Increase: The copayment for physical therapy services received at a network facility will increase to \$20.

Empire Plan Mental Health and Substance Abuse (MHSA) Benefits Changes

Mental Health Copayment Increase: The copayment for each visit to a network practitioner for outpatient mental health care will increase to \$20.

Substance Abuse Copayment Increase: The copayment for each visit for outpatient substance abuse care including alcoholism will increase to \$20.

Annual Deductible Non-Network Mental Health Practitioner Services: The annual deductible will increase annually based on the CPI-W indicator. The 2009 annual deductible will increase from \$350 to \$363 for the enrollee, \$363 for the covered spouse or domestic partner, and \$363 for all dependent children combined.

Out-of-Pocket Maximum Non-Network Mental Health Practitioner Services: The maximum coinsurance out-of-pocket expense for non-network mental health practitioner services will be reduced from \$1,650 to \$1,000 per calendar year. The maximum coinsurance will be \$1,000 for the enrollee, \$1,000 for the covered spouse or domestic partner and \$1,000 for all dependent children combined.

Coinsurance Maximum for Non-Network Mental Health Facility Services: The enrollee is responsible for 10% of billed charges for covered services up to a maximum of \$1500. Coinsurance amounts between \$500 and \$1,000 will be refunded upon the facility's or enrollee's submission of a claim that qualifies for this reimbursement. The coinsurance maximum is calculated on an annual basis and applies separately to the enrollee, spouse or domestic partner, and all dependent children combined.

Empire Plan MHSA Insurer/Administrator Change

As the result of a competitive procurement, United Healthcare in partnership with OptumHealth has been selected to insure and administer the Empire Plan MHSA Program effective January 1, 2009. Benefits will not change as the result of this change. However, there may be changes in the network status of providers. Enrollees and dependents who have received MHSA benefits on or after July 1, 2008, will receive information from Optum regarding the transition benefit that will be available to them. Those in outpatient treatment with a ValueOptions network provider will be eligible to continue to receive network level benefits for services received through March 31, 2009, regardless of whether the provider joins the Optum network. Optum customer service and clinical staff are available through the Empire Plan toll-free line (1-877-769-NYSHIP) to answer questions from enrollees who have questions regarding their MHSA benefits in 2009.

Empire Plan Prescription Drug Program Changes

Non-Preferred Drug Copayment Increases: The non-preferred copayments for prescription drugs will increase as follows:

The copayment for up to a 30-day supply of non-preferred prescription drugs purchased at a network retail pharmacy, or through Mail Service, will increase from \$30 to \$40.

The copayment for a 31-90 day supply of non-preferred prescription drugs purchased at a network retail pharmacy will increase from \$60 to \$70.

The copayment for a 31-90 day supply of non-preferred prescription drugs purchased at the mail service pharmacy will increase from \$55 to \$65.

Flexible Formulary: As a result of a change to a flexible formulary, enrollees will see some differences in coverage and/or preferred status of drugs. **Additionally, some prescription drugs will be excluded from coverage.** The goal of the flexible formulary is to provide enrollees and the Plan with the best value in prescription drug spending. The 2009 Flexible Formulary is included in *The Empire Plan At A Glance* and includes a list of excluded drugs. It also is currently available on NYSHIP Online.

All enrollees who are taking prescription drugs that will become non-preferred or will be excluded from coverage on January 1, 2009 should receive a letter this week notifying them of the change and providing them with potential preferred drug alternatives to discuss with their physician.

NYSHIP Administrative Change

Dependent Student Eligibility: Covered dependent students shall be provided with a 3-month extended benefit period **upon completion of each semester as a covered full-time student** (or equivalent). For dependent students who withdraw from school after classes have begun for the semester and provide documentation of the date of withdrawal, coverage will end on the last day of the month in which the dependent attended classes as a full-time student or the last day of the third month following the completion of the preceding completed semester, whichever is later. If the dependent student withdraws from school and does not provide documentation, coverage ends as of the first day of the current semester or the end of the third month following the completion of the preceding completed semester, whichever is later.

For this purpose “successful completion” means the student attended classes through the last scheduled classes of the semester. For a continuing student who is otherwise eligible, it will not be necessary for an enrollee to apply to the HBA or for the HBA to process a transaction for this benefit. It will only be necessary for an enrollee to apply for the three month extension and provide proof of semester completion in cases where the dependent graduates or otherwise stops attending school on a full time basis. Details on administering this benefit will be issued by EBD.

CHANGES EFFECTIVE JANUARY 1, 2010

Empire Plan Medical Benefit (UHC) Change

Out of Pocket Maximum Calculation (OOP MAX): The maximum enrollee coinsurance out-of-pocket expense under the Basic Medical component will increase annually based on the CPI-W indicator for the enrollee, for the covered spouse or domestic partner, and for all dependent children combined.

Empire Plan Hospital Program Benefits (Blue Cross) Changes

Emergency Room Services: The hospital or hospital owned extension clinic copayment will increase from \$60 to \$70 for emergency room services.

Diagnostic Outpatient Service Copayment Increase: The hospital or hospital-owned extension clinic copayment will increase from \$35 to \$40 for services including diagnostic radiology, mammography screening, diagnostic laboratory tests, bone mineral density screening and administration of Desferal for Cooley’s Anemia.

Outpatient Surgery Copayment Increase: The outpatient surgery copayment will increase from \$35 to \$60.

Empire Plan Mental Health and Substance Abuse (MHSA) Benefits Changes

Emergency room Copayment Increase: The Emergency room copayment will increase from \$60 to \$70 for Emergency room services for the mental health and substance abuse services.

Coinsurance Maximum for Non-Network Mental Health Practitioner Services:
The CPI escalator will be applied annually to the previous year's coinsurance maximum.

CHANGES EFFECTIVE JANUARY 1, 2011

Empire Plan Medical Benefit (UHC) Change

Non-Network Hospital Charge Reimbursement: Reimbursement under the Basic Medical Program of up to \$500 for non-network hospital coinsurance will be **eliminated**.

Empire Plan Mental Health and Substance Abuse (MHSA) Benefit Change

Coinsurance Maximum for Non-Network Mental Health Facility Services: The enrollee is responsible for coinsurance amounts up to \$1500 annually.