

## Q & A Re Transfer of the LDA-Sponsored Health Insurance Plan

**Q1: The letter we received and the LDA newsletter promised a lower rate renewal effective August 1, 2007. However, my premium actually increased quite a bit. Why? Was there a mistake?**

A: The LDA Council on Insurance and LDA Board of Directors believe the transition to a new insurance carrier, third party administrator (TPA) and marketing agency is a very positive move that will prove quite beneficial to our members participating in the plan. Unfortunately, our efforts to convey this enthusiasm appear to have inadvertently led to a statement in LDA communications that was not put in proper context and is therefore confusing. The lower renewal rate referred to in the letter and newsletter actually means a lower amount of *increase* in the renewal rate than plan participants would have received if we had not switched carriers.

As you are no doubt aware, health insurance costs in this country are growing faster than the inflation rate. Consequently, a rate renewal almost always involves an increase in the premium rate. The renewal rate the LDA was able to obtain for our members by transitioning our sponsored health insurance to Nippon Life and Total Plan Services, Inc. (TPSI) is slightly lower than the renewal rate offered by New York Life (administered by Gilsbar). Plus, the renewal rate from Nippon Life is guaranteed for 12 months, while the New York Life renewal rate was only guaranteed for 6 months. Consequently, staying with New York Life probably would have meant *another* rate increase in six months. Obviously, this means that, over the course of 12 full months, the renewal rate from Nippon Life will be effectively even *lower* relative to the rate New York Life offered.

**Q2: In the past, I would receive a letter notifying me of a rate increase prior to receiving the bill that included the increase. Why didn't that happen this time? Will I not be receiving such notice in the future?**

A: The LDA Board determined that acceptance of the Nippon Life/TPSI proposal should be effective for the plan's regular August 1 renewal date so plan participants could benefit from the lower renewal rate (compared to the offer from New York Life). However, the Board's efforts to thoroughly deliberate before making such a big decision meant there was very limited time following the decision date for Nippon and TPSI to generate and mail invoices prior to August 1. And, TPSI couldn't accurately calculate the precise amount of increase for each policyholder till it had received the plan data from Gilsbar. That data transfer was not complete until mid-July. This allowed just enough time to produce and mail invoice on time, but eliminated any chance to provide advance notice of the exact new rate for each plan participant.

Again, the language in the letter sent by the LDA announcing the change was intended to convey advance notice that there was going to be a change in rate that would be lower than normal (but still an increase). In the future, you will receive advance notice of rate increases essentially as you have in the past. The main difference is that, thanks to the 12-month rate guarantee offered by Nippon Life,

you'll only receive one such notice per year instead of the two increases per year that was standard for New York Life and Gilsbar.

**Q3: With New York Life and Gilsbar, I sometimes received additional increases because my claims were so large in a given year that I was moved to another "tier." Will that still be the case with Nippon Life and TPSI?**

A: The LDA-sponsored plan will still utilize tiers to set premium rates. However, a much more complex, complete and accurate actuarial analysis will be employed by TPSI's actuaries to determine any need for moving plan participants from tier to tier. So, a few large claims may not automatically lead to a rate increase.

**Q4: How will my benefits differ now that we've switched insurance companies?**

A: The actual plan did not change, just the companies that will service it. The LDA opted to enter into agreements with Nippon Life for underwriting, TPSI for administration and Robert Ellis and Associates (REA) for marketing the health insurance plan sponsored by the LDA. The transition of the business and records of the plan to new partners did not affect the plan's benefits.

**Q5: I used to call Gilsbar whenever I had a question before. Who do I call now?**

A: Gilsbar formerly fulfilled the role of both a TPA (administrator) and marketing agency for the LDA-sponsored health insurance plan. Now, those services have been divided. TPSI is the new TPA, and REA is the new marketing agency. Generally, when you have a question related to a claim, satisfying your deductible or an issue with your invoice, you should contact TPSI at 800-969-5238. For questions about plan benefits, rates or almost anything else, contact REA at 888-503-5547.

**Q6: Will my out-of-pocket expenses incurred so far this year towards satisfying my deductible still count, or will I have to start all over again towards meeting my deductible?**

A: TPSI will ensure that full credit is received for all 2007 calendar year deductibles. Any out-of-pocket expenses incurred to date for 2007 will apply towards satisfying your deductible for this calendar year.

**Q7: Can I still see the same doctor?**

A: Yes, the LDA-sponsored plan continues to utilize the PHCS network, the same as before. If your provider is not a part of the PHCS network, you will still be eligible for the same out-of-network benefits as you were before. (Out-of-network benefits are still not the same as in-network benefits, though.)

**Q8: What about the prescription discount program? That changed, didn't it?**

A: Yes, the prescription discount plans are contracted separately by the TPA. The plan that will be offered in conjunction with the LDA-sponsored health insurance plan has changed from Scriptcare to Pharmicare. However, you will use the discount card in the same way – simply present it to the pharmacist when you pick up your prescription. The discount should automatically be applied.

**Q9: My ID card looks like it's just a pharmacy discount card. Will I be receiving a separate ID card for health care services?**

A: The ID card is used for all health care services and prescription discounts, just like your old ID card. The new cards do look a little different, but they still include all the information your health care provider or pharmacist needs to file a claim and apply the appropriate discounts. The front of the card features the Pharmicare information and contains the group number for medical claims, group number for pharmacy claims/discounts and your unique ID number. The back of the card provides all information regarding your medical plan needed by providers, including contact numbers for pre-certification and a mailing address for submitting claims.

**Q10: Is there anything else I need to do before I use the card for the first time?**

A: While all the plan records have been transferred from Gilsbar to TPSI, Gilsbar will still be handling claims for dates of service prior to August 1, 2007. It may take a little time yet for TPSI to receive information regarding claims you've recently filed that Gilsbar will be processing. If you or your dependents visit a health care provider or pharmacist in the next few weeks, you might want to make sure a copy of the most recent Explanation of Benefits (EOB) that you've received from Gilsbar gets attached to the claim being submitted to TPSI. This will help ensure the amount credited toward satisfaction of your deductible is as up to date as possible.

**Q11: My ID card and invoice were sent to the wrong address. Do I need to do anything to correct this?**

A: As with any similar situation in which large quantities of data change hands, there are bound to be a few glitches in the transfer of data from Gilsbar to TPSI and REA. The LDA is working with TPSI and REA to correct such mistakes once we're aware of them. Contacting TPSI or REA and informing them of such issues so they can be promptly addressed is very much appreciated. You can reach TPSI at 800-969-5238. You can reach REA at 888-503-5547.

**Q12: Actually, I haven't received my new ID cards or an invoice yet. What should I do?**

A: Contact TPSI at 800-969-5238 to verify that the information in your record is accurate and request that your card(s) and invoice be re-sent.

**Q13: If errors in my address records have delayed my receipt of an invoice, will I have additional time to pay before my coverage lapses?**

A: Yes. TPSI is aware that the unfamiliar circumstances of the transition may involve delays and questions that are out of the ordinary and will not drop anyone's coverage for non-payment of premium until at least Aug. 31, 2007.