

AFMC Advisor

A Publication for Brokers and Consultants

August 2009

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Miss an Issue of the AFMC Advisor?

Did you miss an issue of the *AFMC Advisor*? They are now available on the AFMC Web site.

Simply log onto www.azfmc.com; click on Broker/Consultant; then click on E-Bulletin.

Need to Find a Provider or Facility?



Do you know what is one of the biggest reasons your clients lay awake at night?

The rising cost of healthcare, locally and nationally. Their biggest concerns?

- Controlling healthcare costs
- Competitive, attractive benefits
- Employees understanding and appreciating their benefits
- Quest for certainty (data)
- Healthier employees
- Measure for accountability

Partial Self-Funding can alleviate some of their fears. How? By reducing their costs while still offering the benefits their employees want!

Partial Self-Funding Advantages

Partial Self-funding is a flexible alternative that offers real savings. It is an approach to healthcare involving greater employee education on how they seek services, involvement in the process, and recognition of actual healthcare costs. For an employer it means substantial savings over a traditional approach and adds dollars to the bottom line - often time without sacrificing benefits for their employees.

Partial Self-funding requires a long term commitment from the employer group, but that commitment will pay off in spades by

Use the New and Improved Provider Search tool on the AFMC Web site at www.azfmc.com.

The Provider Search has been significantly upgraded from its earlier version. It is simpler to use and features attractive graphics and fonts that enhance legibility. Navigation is also easier and faster saving users valuable time when searching for a physician, specialist, hospital, urgent care, laboratory or any other type of provider/facility in the AFMC provider network.

While you are there, check out the new Customized Directory tool. Now users can select only the information they want in their directory using the "provider", "facility" and "limit by" buttons (the previous version did not allow the level of customization available in today's version). In addition, the front matter of the customized directory has been condensed to one page while still including all the information needed to use an AFMC Network Plan effectively.

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experiencing lower healthcare costs and improved cash flow. Partially Self-funded plans can also eliminate most, if not all, premium taxes and are exempt from state mandated benefits. Another advantage of partial Self-funding is the customizing of services. Each employer group is unique, therefore their healthcare services should be customized to meet their individual needs (not the "cookie cutter" plans fully insured plans offer).

How Partial Self-Funding Works

An employer purchases a high deductible health plan to cover employees for high out of pocket expenses, catastrophic/major illnesses while providing coverage for preventative care and pharmacy benefits after a deductible is met.

The cost of purchasing a high deductible plan will generate, in most cases, a 30-50% savings versus a traditional fully-insured plan. This savings is used to pay for a portion of claim costs based on a schedule of benefits determined by the employer. This schedule of benefits is tailored by the employer and broker to best fit an employee's needs and to provide comprehensive coverage for services prior to the deductible being met.

Claims for each employee are tracked and paid by establishing one of the following; Health Reimbursement Account (HRA); Health Savings Account (HSA) or Medical Expense Reimbursement Plan (MERP).

Any of the three require a third party to administer the accounts for each employee and to pay claims based on how the employer has designed the partial self-funded plan.

How Does a PPO Network Factor In the Equation?

A Preferred Provider Organization (Network) reduces provider charges through negotiated discounts.

A Preferred Provider Organization (PPO) should offer your clients:

- High-quality care that is affordable, peer reviewed and is focused on positive health outcomes
- Be cost effective
- Have depth, scope, and stability of medical providers
- Exhibit a full array of medical management and wellness programs
- Provide superior customer service
- Solve problems and provide customized solutions

AFMC's Point of Service Plan (POS: Best Value) can offer your clients all the above, plus a whole lot more!

The POS Plan includes our "Best Value Hospitals" and works much like a pharmacy benefit that has generic, brand and non-formulary drugs to choose from. In like fashion, members can choose the better

Do you know a colleague that would be interested in reading the AFMC Advisor?

Simply click on the button below to forward this issue:



How to Contact AFMC

Should you have any questions about the information or products in this newsletter, or would like to learn more about AFMC Network Plans or Medical Management Services, please contact...

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If you have suggestions for content or would like to submit content for a future issue of the AFMC Advisor, please send an e-mail to Candice Scheibel, Mktg. Coordinator at cscheibel@azfmc.com

value providers and hospitals and pay less than they would if they chose just any hospital in an all-inclusive PPO network or out-of-network provider.

DeBunking the BUCA Myth

Discounts are relative to what is included in medical savings numbers. In our market, many comparisons are made using contracted discounts, allowed discounts and paid discounts. However, managing plan costs are what's

most important, both in total and over the long run.

The BUCAs will say their discounts are much better than others. They "tell prospective employers that they will save 5% to 15% or more in reduced claim costs by making a change to them, but at the end of the next year the savings do not materialize. The percentages may have improved but the real dollars paid out are still a higher amount than projected."

"The Network Discount Shell Game: How to Compare PPO Network Savings Projections" by David W. West, CEBSNewsbriefs, Vol 24, No. 3 May/June 2005 - International Society of Certified Employee Benefit Specialist

The Conclusion is...Partial Self-funding Works!

AFMC works with several TPA's offering partially self-funded plans for 50+ employee groups. For more information about Partial Self-funding, contact an AFMC Senior Sales Consultant by calling or e-mailing:

Judi Hayer: 602-417-2813 or jhayer@azfmc.com

Larry Dennis, RHU: 602-417-2301 or ldennis@azfmc.com

Network Updates

Parkway Urgent Care was purchased by VHS Outpatient Clinics and is now operating under the VHS Name.

Gold Canyon Urgent Care - located in Gold Canyon, AZ - is an Urgent Care facility participating in all AFMC plans.

Southwest Kidney Dialysis-Davita Partners has added the two Yuma locations. *Note:* Not all DaVita facilities in Arizona are contracted with AFMC.

Northside Medical Clinic is an Urgent Care in Yuma, AZ participating in all AFMC network plans.

Medical Diagnostic Laboratories (with Statewide locations) is a Lab facility participating in all AFMC network plans.

Pinnacle Health Facilities are Skilled Nursing Facilities located in Maricopa County and participating in all AFMC plans.

Paincare Health Institute is an OP Treatment/Pain Center facility in Avondale, AZ participating in all AFMC plans.

Diagnostic Sleep & Respiratory Center is a sleep lab located in Benson, AZ participating with all AFMC plans.

Mountain Heart Medical Practice is a new sleep lab in Flagstaff, AZ participating in all AFMC plans.

Radiation Oncologists of Central Arizona is a returning group participating all AFMC plans. This group was previously with AFMC, but merged with Arizona Oncology and terminated with AFMC in 2004. They have now separated from AZ Oncology and will again participate in AFMC's Network of Providers.



What's "NEWs" with AFMC Providers

Northwest Urgent Care Center Opening Earlier

Northwest Healthcare's Rancho Vistoso Urgent Care, 13101 N. Oracle Road, Oro Valley, now opens an hour earlier each day at 8 am (their closing time remains 8 pm). The facility has a full-services laboratory, as well as x-ray and ultrasound and are available on-site for walk-in urgent care seekers. Other services in the facility besides urgent care, such as outpatient testing will continue to be available by appointment from 8 am - 5 pm.

Chandler Regional Hospital has changed their facility name to Chandler Regional Medical Center.

Bone Marrow Transplantation Program Now Wholly Owned by Banner Health

The Bone Marrow Transplantation Program located on the campus of Banner Good Samaritan Medical Center is now wholly owned by Banner Health. The program's new name is "Banner Good Samaritan Medical Center - Blood and Marrow Transplant Program." This ownership change does not alter AFMC's current managed care contract(s) with Banner Health. Claims with dates of service prior to July 1, 2009 will appear under the Program's old name. The Program's new name will apply to claims with dates of service on or after July 1, 2009.

Preferred Therapy Providers, Inc. Has Moved

Preferred Therapy Providers, Inc. (PTP) relocated their offices on August 1, 2009.

Their new address is:

23460 N. 19th Avenue

Suite 250

Phoenix, Arizona 85027

Phone and fax numbers and e-mail addresses remain the same.

For more detailed information regarding the move contact PTP at 800-664-5240.

WARMC Service Expansion

Western Arizona Regional Medical Center (WARMC) is expanding clinic operations to include Urgent Care and Wound Care services. These clinics will begin operations sometime on or after 8/1/2009. As part of the hospital, both clinics will operate under their existing Medicare, JCAHO, and Arizona certification and licensure.

Latitude - American Community's Newest Product

Today more than ever, businesses are looking for the ability to choose a healthcare plan offering the right balance between cost and value for their employees' needs. Latitude™ gives companies the freedom to build a customized plan with the benefits that employees want at a price both can afford.

Latitude features include:

- Multiple custom plan options; employers can choose their deductible, benefit percentage, office visit copayment (copay) and out-of-pocket maximum.
- Prescription drug discounts and options.
- Provider networks that include leading hospitals and doctors (including access to AFMC's Network of Providers!).
- National travel network.

- Preventive care benefits.
- Accident benefit that waives the deductible.
- Family security benefit.
- \$5 million medical lifetime maximum.
- Optional dental, vision, weekly income, dependent life and life/AD&D coverage.
- Options for deductible carry-over, 24-hour occupational coverage, accident benefit removal, hospital copay and maternity buy-down.
- Option for a Health Reimbursement Arrangement (HRA).

For more information visit American Community's Web site www.american-community.com or contact:

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New Regulations in Healthcare: The "Red Flags" Rule

What Is the Red Flags Rule?

The expression "red flag" signals "Danger: Be alert to problems ahead." For millions of consumers every year, identity theft is more than a threat - it's their reality. The economic, psychological, and emotional harm to victims can be devastating. But businesses often bear the biggest part of the monetary damage from identity theft.

It's everyone's responsibility to do what they can to fight identity theft. But businesses and organizations that offer credit or other financial services can be the first to spot the red flags that signal the risk of identity theft, including suspicious activity indicating that identity thieves may be using stolen information like names, Social Security numbers, account numbers, and birth dates to open new accounts or raid existing ones.

Under the Red Flags Rule, which went into effect on January 1, 2008 ^{***}, certain businesses and organizations are required to spot and heed the red flags that often can be the telltale signs of identity theft. To comply with the new Red Flags Rule - enforced by the Federal Trade Commission (FTC), the federal bank regulatory agencies, and the National Credit Union Administration (NCUA) - many businesses may need to develop a written "red flags program" to prevent, detect, and minimize the damage from identity theft.

Under the Rule, "credit" means an arrangement by which a business may defer payment of debts or accept deferred payments for the purchase of property or services. In other words, payment is made after the product was sold or the service was rendered. Some examples of creditors are providers, hospitals, finance companies, automobile dealers, mortgage brokers, utilities, and telecommunications companies etc. Even if an entity is a non-profit or government agency, they still may be a creditor if they accept deferred payments for goods or services. However, simply accepting credit cards as a form of payment does not make a business a creditor under the Rule.

The Rule doesn't specifically explain what a red flags program must look like. Instead, it gives businesses the flexibility to implement a program that best suits their needs as long as it meets the Rule's requirements.

A good starting point for a business to develop a program are the Guidelines issued with the Red Flags Rule, available at www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf (The Guidelines are on pages 63773-63774 of the document.). The Guidelines list the issues that must be considered in developing and maintaining a program appropriate for each business or organization. Businesses should also draw on their own experience and knowledge about identity theft risks in developing their program.

There are four basic steps to designing a program to comply with the Rule:

1. Identify relevant red flags;
2. Detect red flags;
3. Prevent and mitigate identity theft; and
4. Update the program periodically.

In addition, a program must spell out how it will be administered. The program should be appropriate to the size and complexity of each company or organization, as well as the nature of their operations.

The Red Flag Rule Effects Providers and Facilities

Every healthcare organization and practice must review its billing and payment procedures to determine if it's covered by the Red Flags Rule. Whether the law applies to them isn't based on their status as a healthcare provider, but rather on whether their activities fall within the law's definition of two key terms: "creditor" and "covered account."

Healthcare providers may be subject to the Rule if they are "creditors." Although they may not think of a physician's practice as a "creditor" in the traditional sense of a bank or mortgage company, the law defines "creditor" to include any entity that regularly defers payments for goods or services or arranges for the extension of credit.

For example, a provider is a creditor if they regularly bill patients after the completion of services, including for the remainder of medical fees not reimbursed by insurance. Similarly, healthcare providers who regularly allow patients to set up payment plans after services have been rendered are creditors under the Rule. Healthcare providers are also considered creditors if they help patients get credit from other sources - for example, if they distribute and process applications for credit accounts tailored to the healthcare industry.

On the other hand, healthcare providers who require payment before or at the time of service are not creditors under the Red Flags Rule. In addition, if they accept only direct payment from Medicaid or similar programs where the patient has no responsibility for the fees, they are not a creditor. Simply accepting credit cards as a form of payment at the time of service does not make a provider a creditor under the Rule.

The second key term - "covered account" - is defined as a consumer account that allows multiple payments or transactions or any other account with a reasonably foreseeable risk of identity theft. The accounts a provider maintains for their patients are generally "covered accounts" under the law. If an organization or practice is a "creditor" with "covered accounts," they must develop a written Identity Theft Prevention Program to identify and address the red flags that could indicate identity theft in those accounts.

Hospitals striving to comply with the Red Flags Rule could be at risk for breaking another law. The new Rule requires hospitals to ask for identification to verify their identities before offering treatment or certain services. But the Emergency Medical Treatment and Active Labor Act of 1986, or EMTALA, prohibits hospitals from rejecting patients if they cannot provide an ID or payment. Hospitals are trying to balance federal regulations while still providing patient care. And, the Red Flags Rule could put hospitals at risk financially if patients refuse to provide identification. They would then have a difficult time collecting on medical bills even from those patients that are insured.

What's At Stake

Although there are no criminal penalties for failing to comply with the Rule, violators may be subject to financial penalties. But even more important, compliance with the Red Flags Rule assures patients that providers are doing their part to fight identity theft.

More Information

Looking for more information about the Red Flags Rule? The FTC has published *Fighting Fraud with the Red Flags Rule: A How-To Guide for Business*, a plain-language handbook on developing an Identity Theft Prevention Program. For a free copy of the Guide and for more information about compliance, visit ftc.gov/redflagsrule

In addition, the FTC has released a fill-in-the-blank form for businesses and organizations at low risk for identity theft. The online form offers step-by-step instructions for creating a written Identity Theft Prevention Program; it can be filled out online the printed. The do-it-yourself form is available at ftc.gov/redflagsrule.

Questions about the Rule? Email RedFlags@ftc.gov or visit their Web site www.ftc.gov/redflagsrule

* On October 22, 2008, the Federal Trade Commission issued an Enforcement Policy statement that delays enforcement of the Red Flags rule until May 1, 2009 (<http://www.ftc.gov/opa/2008/10/redflags.shtm>). Although the Rule is in effect, the FTC will wait until May 2009 to enforce it. This does not affect enforcement of the address discrepancy and credit card issuer rules. Nor does it affect compliance for entities not under the jurisdiction of the Commission.

** On July 30, 2009, the Federal Trade Commission once again delayed the implementation of the Red Flag Rule until November 1, 2009. For more information, visit the FTC Web site www.ftc.gov/redflagsrule

Sources: Federal Trade Commission (www.ftc.gov); Phoenix Business Journal (phoenix.bizjournals.com)



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