



For Your Benefit

A Newsletter of the Imperial County Schools VEBA | **Fall 2011**

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*Working Together
To Make a Difference*

Coordination of Benefits: How Does it work?

Coordination of benefits (COB) is the practice of insuring that insurance claims are not paid multiple times when an employee is enrolled in two (2) health plans at the same time. The idea behind COB is to insure that payments of both plans do not exceed 100% of the coverage charges. The provision coordinates the health care benefits in the order in which the multiple health plans must pay benefits. Under a COB provision, insurance companies share the burden without over paying. The primary plan will always pay first.

Which Plan is Primary?

The employee's benefit plan is always the primary carrier for their benefits. Dependent children's primary care provider will depend upon which of the two (2) parents carrying coverage on the dependents has their birthday first in a calendar year. This provision is known as "The Birthday Rule". The primary plan will pay the claims first and the unpaid balance will be paid by the secondary plan to the limit of its responsibility. Benefits are coordinated between the two (2) health plans to ensure the policy holder receives full coverage, however, over insurance or excess coverage is not provided under COB.

The following example will illustrate COB. Assume 2 working spouses have health insurance coverage at their respective place of employment. When one spouse becomes ill, his/her policy at work will become the primary plan and the health insurance plan of the other spouse becomes the secondary plan. The medical expenses incurred will be paid by the primary plan and all other medical expenses not covered by the primary plan will be paid by the secondary plan subject to each plans limits.

Working example:

Let's say that a husband and wife both have separate health insurance plans naming the other as a covered dependent. Let's further assume

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that both plans have a \$250 deductible with benefits subject to a 80/20 coinsurance provision. Finally let's assume that one employee has a \$1,000 medical bill. That individual would be subject to a \$250 deductible the balance (or \$750) would be subject to the 80/20 coinsurance provision. \$600 would be paid by the primary carrier leaving a balance of \$150 (the insured coinsurance responsibility) owed by the employee. The total out of pocket expense, at this point, then, would be \$250 plus \$150 or \$400. The employee would then submit the claim to the secondary carrier, or in this case the spouse's plan. The secondary plan would take the balance owed (\$400) after the primary payment (\$600), and again, the plan would be subject to a \$250 deductible. The remaining balance of \$150 would then be subject to the 80/20 coinsurance. \$120 would be paid by the secondary carrier, leaving a balance of \$30 (the insured coinsurance responsibility) owed by the employee. Total out of pocket expense would be \$280. In no circumstances, however, would the two (2) plans ever pay more than 100% of the total claim.

In our next example let's assume that the first employees plan had a \$5,000 deductible with the balance then paid at the 80/20 coinsurance level and that the secondary plan had a \$250 deductible again with the 80/20 coinsurance provision. Lets again assume that the employee with the \$5000 deductible incurs the same \$1,000 medical expenditure. That \$1000 would be remitted to the employees primary carrier and since it did not exceed \$5000 would only be "applied" toward the deductible. The employee would then again submit the claim to the secondary carrier. This carrier would then apply the \$250 deductible and subject the balance to the 80/20 provision thereby paying a total of \$600 with a balance owed by the employee of \$400.

Since there are some self-funded plans in the Imperial Valley that limit coordination of benefits to level of benefits provided by the primary carrier it is important to check with both plans to learn of their provisions.

New Medical Clinic Now Available to ICSVEBA Members

We've all been long aware of the difficulty VEBA participants have been having in timely access to our local health care providers. We also all know that utilizing the local hospitals emergency rooms, while sometimes the only option for after hours medical service, is far more expensive to both the plan participant as well as the Trust Plan. Many employees further report that the wait to see a physician is excessively long even in the ER setting.

With this knowledge, over the past 2 years, the VEBA has been meeting with local health care providers to find an answer to this serious situation. We are very pleased to announce that our concerns and requests have not fallen on deaf ears. Through the oversight of Dr. Palakadeti, patients may now be seen at the newly opened MD Walk-In Clinic at 1520 S. Imperial Ave., El Centro, Ca. for most non life threatening conditions.

For your convenience, the clinic will be open on weekdays from 9:00 a.m. to 9:00 p.m. Saturday's from 9:00 a.m. to 3:00 p.m. and Sunday's from 10:00 a.m. to 2:00 p.m..

We have been assured that the patient wait will be no longer than 20 minutes. We are very excited to share this news assuming the success of the clinic with their plans in the making to opening additional clinics in the county.

Use of the Emergency Room Affects Plan

During the Back to School presentations we always emphasize the fact that the VEBA Health Care Trust is YOUR health care plan. It should be everyone's responsibility, therefore, to use your plan wisely. Generally, the purpose of an emergency room benefit is to provide coverage for "life threatening" emergencies. The intent was never to replace services which could have been provided in a doctor's office. The expense of utilizing the emergency for non-emergency situations in the past year has dramatically affected the loss experience of your plan.

With approximately 1,600 employees covered under the VEBA Trust over the past 12 months we have seen approximately 940 emergency room visits at an average cost of \$764 and a total cost to the VEBA of \$753,000 or, approximately 5% of the total Trust claims.

We recognize, that the inability at times to see your personal physician due to scheduling or after hours service certainly contributes to this situation. A number of the claims throughout this past year, however, have been for headaches, upset stomachs, and other non-emergency or life threatening conditions.

With this knowledge, the VEBA has joined with the support of the M.D. Walk-in Clinic and encourage your participation.



Low-Fat Pumpkin Pie

Ingredients

- 1 (15 oz) can solid pack pumpkin
- 1 (14 oz) can FF sweetened condensed milk
- 1/2 cup egg substitute
- 1/2 teaspoon salt
- 1/2 teaspoon ground cinnamon
- 1/2 teaspoon ground nutmeg
- 1/2 teaspoon ground ginger
- 1 (9 inch) unbaked pastry shell

Directions

1. In a large mixing bowl, combine the first seven ingredients.
2. Beat just until smooth.
3. Pour into pastry shell.
4. Bake at 425 degrees F for 15 minutes.
5. Reduce heat to 350 degrees F for 25-30 minutes longer or until a knife inserted in center comes out clean.
6. Cool on wire rack.
7. Store in refrigerator.
8. Enjoy!



New Voluntary Life Carrier Offers Open Enrollment Opportunity

Over the past year, we have experienced some difficulties in the on-line management system of our current voluntary life carrier Standard Insurance Company. Confusion is further created by the fact that Standard Insurance is also the underwriting company for 2 of the Labor Groups programs, therefore making it difficult for the employee to identify which Standard health plan they are to be covered.

As a result, we have therefore negotiated with Symetra, the same carrier that we utilize for your Basic Life coverage, to conduct an open enrollment period commencing November 1, 2011.

All individuals currently insured with Standard will have their coverage transferred to Symetra. New certificates will be issued reflecting this change. As an added benefit, all employees with all participating districts will be offered a 30 day new **Open Enrollment** period. This is a one time opportunity for those individuals wishing to secure guaranteed issue life insurance, not subject to health questions to obtain this coverage. The guarantee issue limit will be up to \$100,000 per employee. As with the prior plan, those individuals wishing coverage in excess of \$100,000 may make application up to \$500,000 with underwriting applying to the coverage over the guarantee issue limit.

Again, this is a valuable opportunity for those individuals seeking low cost group life coverage on a guaranteed issue basis. Please apply today.

The Pro's and Con's of Pre-taxing your Voluntary Life or Long Term Care Premiums

In the last few months a number of you have asked whether the Voluntary Life Insurance premiums or Long Term Care premiums should be taken under pre-tax basis through a Cafeteria Plan offered by your school district. While you certainly are able to do so we urge you consider the consequences.

If you take the premiums on a pre-tax basis you are subjecting your benefits to a tax free treatment. The Federal government would never allow you to have a tax free deduction and then receive the proceeds also on a tax free basis.



Since the premium is always smaller than the Death Benefit we recommend that you take the premiums on an after tax basis. Lets assume for point of illustration that you have \$100,000 of Voluntary Group Life Insurance and the monthly premium is \$10 assuming that you are in a 25% tax bracket that means that you saved \$2.50 on taking the premium on a pre-tax basis. The Death Benefit of \$100,000 would then be subject to income tax and again assuming the same taxable bracket \$25,000. You may be well advised to discuss the situation with your tax consultant.

Satori World Medical Global Hospital Spotlight

At the Back to School presentations we again talked about the availability of Satori World Medical to VEBA members and the merits of your consideration for various types of surgical procedures to emphasize the quality of the contracted facilities. We thought we'd feature just one of those contracted.

Anadolu Medical Center (AMC) is located outside of the beautiful city of Istanbul. It is one of the most comprehensive, modern, and respected hospitals in the region. This multispecialty medical complex is not-for-profit, and is unique in Turkey, and much of the world, by virtue of affiliation and agreement with world renowned Johns Hopkins Medicine. Anadolu Medical Center and Johns Hopkins have combined in partnership encompassing all aspects of Quality Health Care and Continuous Medical Education.

The patient rooms are homey, and comfortable with a beautiful sea view. Patient bed capacity is 209. There is an intensive care unit consisting of 59 beds and 8 operating rooms. Lighting, spaciousness, sea view, a manmade pond, natural plant life environment, abundance of green trees are part of the well thought details for a positive effect on patient care and treatment duration.

Anadolu Medical Center has been designed with a focus on aesthetics, with special attention given to lighting, space, and the surrounding natural and manmade environment. These attributes were set in place with the intention

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of having a positive effect on patient care and recovery time. The award winning hospital was designed by the U.S. company, Rees. The center is serene and relaxing, and is located on a 42 acre piece of land. It is outside the reach of Istanbul's big-city commotion and offers patients a quiet and nurturing place to receive care.

Anadolu Medical Center is home to both US board certified and trained physicians, and the foremost academicians of Turkey. The Center employs over 200 skilled physicians and serves over 3,000 international patients every year from over 50 countries. AMC has an outstanding nurse to patient ratio and the quality of care received is world-class. The Center's multi-lingual nurses and staff are constantly improving their skills through training by Johns Hopkins faculty and provide excellent care for patients.

At Anadolu Medical Center, only the latest and state-of-the-art technology and equipment is used to assure the best possible treatment for patients. AMC is the first in Turkey with Cyberknife Radiosurgery[®], the latest technology in cancer. The Center hosts clinical programs on special cases such as cancer, back pain, stroke, cardiac arrhythmia and breast health, and is always breaking new ground with a revolutionary, multi-disciplinary approach. Medical subspecialties include: PET-CT (Nuclear medicine), New Stem Cell Transplantation Unit, Pediatric Hematology and Oncology, and Pediatric Cardiac Surgery.

Quality Assurance:

AMC is an institute that has ISO 9001—2000 (Quality Management System), ISO 14001 (Environment Management System), OHSAS 18001 (Work Health and Safety) and has JCI (Joint Commission International) accreditation and quality certificates.

Satori World Medical provides access to a full-service, high-quality medical travel program fully covered under your employee benefit plan. Under the program, specialized surgical procedures such as orthopedic, cardiac, spine and many others (over 70 procedures available) can be performed by top specialists at one of Satori's International Centers of Excellence. It's easy and fully covered under your benefit plan; no deductibles, co-insurance or co-pay, and all your travel and hotel costs are included.

For more information about Satori World Medical, please contact your Benefit Administrator, visit www.satoriworldmedical.com or call Satori at (866) 613-9686. A Satori Nurse Patient Advocate will answer questions and guide the patient through every step. This includes coordinating care, transferring medical records, arranging a call with the international physician, and working with the Travel Care Coordinators to arrange hotel, airfare and ground transportation.



Emergency Room Utilization Prompts Mid-year ICS-VEBA Changes

New Clinic Available to ICSVEBA Members

Over the past couple of years, we've watched the emergency rooms usage skyrocket to a level **nearly 4 times the average**. In the past 12 months 998 ICSVEBA members have visited the ER at an average cost of \$755/visit. The total Plan expenditure is approximately \$1.2 million, or 9% of the Trust's claims! This pattern has continued to worsen in recent months.

When examining the claims history for this period, we see that the majority of the ER claims are non-emergency in nature. It appears many members are utilizing the ER rooms because they can't readily access a physician or are in fact being referred to the ER room by a physician's office.

Since the VEBA Board has a fiduciary responsibility to manage the Plan assets for the benefit of all participants, we have been attempting to remedy this situation. For the past 15 months we have been working with the Imperial Valley Family Care Medical Group to open the "M.D. Walk-in Clinic" in El Centro. The Clinic is now open and you can be seen, with or without an appointment from 9:00am – 9:00pm on weekdays, 9:00am – 3:00pm on Saturday and 10:00am – 2:00pm on Sundays. The clinic is located at 1520 South Imperial Avenue, El Centro, CA. Early reports are that everyone that has visited the facility are extremely pleased with the convince and the level of service.

Increase in ER Co-pay

In addition, the Board has voted to increase the emergency room co-pay to **\$200 per visit**. This change will become effective January 1, 2012. Remember, if your situation is an emergency and you are confined to the hospital as a result, the co-payment is waived. In checking with other organizations in Imperial Valley we find that this is, in fact, what other plans have in place. In our conversations with the Imperial Valley Family Care Medical Group, we are assured that the next step will be to open a similar facility in the north end of the county.

Remember the co-pay for the MD Walk-In Clinic is only \$15.



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