

PSC-CUNY WELFARE FUND

BENEFITS BULLETIN

FALL, 2009

LOOK FOR CHANGES TO BASIC HEALTH INSURANCE

USE OF NON-PARTICIPATING FACILITIES WILL COST YOU

An important change in health coverage is slated for the start of 2010. By January 1, 2010, Blue Cross is planning to start providing hospital coverage as a Preferred Provider Organization (PPO).

This means that people enrolled in GHI-CBP/ Blue Cross must receive their inpatient and outpatient hospital care at participating facilities or be subject to penalties. It is important to note that “hospital coverage” can include a number of outpatient procedures that may be performed outside of a typical hospital setting (see below).

Nationwide, about 94% of hospitals participate in the Blue Cross PPO network. But to avoid big increases in your out-of-pocket costs, you need to verify that the hospital or facility participates. (Story continues on page 2)



BENEFITS SURVEY SET FOR NOVEMBER

The PSC-CUNY Welfare Fund will conduct a member benefits survey during the month of November. A random sampling of all Welfare Fund participants, active and retired, will be invited to answer an online questionnaire or complete a paper version if they do not have internet access. The questionnaire, written by a sub-committee of the Welfare Fund Advisory Council, is intended to determine participants’ familiarity with the Welfare Fund benefits program and which plans they and their families are regularly using. It will also gather their opinions on what benefits are most valuable and where they would most like to see changes.

In early to mid-November currently employed participants in the Welfare Fund who are randomly selected will receive a link to the survey website via e-mail. Selected retiree members will be mailed a paper questionnaire that includes the survey’s internet address if they want to participate online. Those who are not contacted but would like to participate may do so by contacting Welfare Fund Communications Director Patrick Smith via e-mail at communications@pscunywf.org or calling 212-354-5230.



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ANTICIPATED CHANGES TO BASIC HEALTH INSURANCE, FROM PAGE ONE

All acute-care general hospitals in the metropolitan New York area currently participate in Blue Cross – but it is always prudent to check. Verifying that a hospital participates in Blue Cross becomes more important outside of the New York metro area, where the percentage of participating facilities may be lower. Within New York, some ambulatory surgical facilities, which perform outpatient procedures, do not currently participate. This change is among several for full-time CUNY employees and non-Medicare eligible retirees enrolled in the City’s health plan, under an agreement between the Municipal Labor Committee and the City of New York. (See the Summer 2009 *Clarion*, p.9.) The agreement ensured continuation of health benefits without major expense to members – but it is important to follow the new guidelines to avoid a significant increase in costs.

What are the likely results of Blue Cross changing to a preferred provider organization (PPO)? The answers below reflect the best information available as *Benefits Bulletin* went to press. (Details were still subject to change as this bulletin went to press, so contact your insurance carrier, provider or benefits office for the most current information.)*

Inpatient: The current deductible is \$300 per admission with a maximum of \$750 per year. This will likely remain the same if you use a Blue Cross-participating hospital.

If you use a non-participating hospital, there will be three types of financial exposure:

- 1) a higher deductible
- 2) co-insurance on the “Allowed Amount”
- 3) a balance billed by the hospital to cover the difference between the hospital’s charge and Blue Cross’s payment

You can avoid these expenses by verifying that the hospital participates with Blue Cross.

Outpatient: The current co-insurance is 20% with a \$200 annual maximum. This will likely remain the same if you use a Blue Cross-participating facility. If you use a non-participating facility, there will be three types of financial exposure:

- 1) a higher deductible
- 2) co-insurance on the “Allowed Amount”
- 3) a balance billed by the facility to cover the difference between the facility’s charge and Blue Cross’ payment.

Caution: Many standard referral procedures (colonoscopy, for example) may be performed at ambulatory surgical facilities and are then covered by Blue Cross, not GHI. Even if it is a procedure that doesn’t seem like surgery (which most people associate with scalpels), a procedure done at an ambulatory surgical facility is a Blue Cross matter and subject to PPO rules. If you are unsure whether your coverage for a procedure is through Blue Cross or GHI, ask the procedure’s provider if the procedure will be performed in an ambulatory surgical facility. or call Blue Cross.

Caution: Referral to a facility by a doctor – even a GHI participating doctor – is by no means assurance that a facility is participating under the Blue Cross PPO. A referring doctor may not have sufficient knowledge of the program or may even have financial incentives to direct a patient toward a non-participating site. All enrollees must assume personal responsibility for verifying that the facility is a Blue Cross participant.

You can avoid higher costs by verifying that the hospital or facility participates with Blue Cross.

Identifying participating hospitals and facilities: Members will be able to verify a facility’s Blue Cross participation by calling (800) 433-9592 or by checking the Blue Cross website, empireblue.com.

In addition to hospitals and ambulatory surgical facilities, Blue Cross is likely to announce other cases where participating facilities and providers must be used to avoid penalty. If so, Blue Cross will inform the subscribers who are affected.

* Because details are still subject to change, contact your insurance carrier for the most current information. The PSC and the Welfare Fund cannot be held responsible for harm, financial or otherwise, related to any reliance on this article.

A version of this story appeared in the October 2009 *Clarion*.

NEW LAWS AFFECT DEPENDENTS' CONTINUATION COVERAGE

A recent change in New York state law has increased dependents' opportunity for temporary extension of benefits when normal coverage is lost. The spouse and qualified children of a primary member are entitled to COBRA as well as New York State's extended continuation program depending upon the circumstances which led to the loss of benefits. However, contrary to the impression created by some news reporting, these programs are not free of charge—all continuation coverage requires payment of a premium. Details of all qualifying events, conditions and premium rates for COBRA coverage are available on the Welfare Fund website, www.pscunywf.org.

Age Limit Extension

Dependent children who reach the age limit for benefits coverage—19, if not in school, 23, if unmarried and enrolled full-time—are eligible for 36 months of COBRA under the Welfare Fund and the NYC basic health insurance. In addition, the State of New York assures that continuation coverage for NYC basic health insurance may continue until dependent children reach age 29. *However, Welfare Fund coverage does not extend the age limit to 29, as this law does not apply to the Fund.*

Coordination with ARRA COBRA premium subsidies

The American Recovery and Reinvestment Act of 2009 (ARRA) reduced

COBRA rates (see details in the following story) but only for those who lost NYC basic health insurance and Welfare Fund coverage between September 1, 2008 and December 31, 2009, *owing to involuntary termination of employment.*

A dependent child who reaches the age limit while within an ARRA-subsidized COBRA family contract will have new COBRA rights but the premium will not be reduced by the ARRA subsidy.

For a full discussion of COBRA rights and regulations, please visit the Welfare Fund website, www.pscunywf.org.



A REMINDER

The Welfare Fund defines dependent children as natural or adopted children who are

- a) under age 19 or
- b) age 19 to 23 and unmarried full-time students or
- c) totally and permanently disabled and who became so prior to their 19th birthday.

Proof of school enrollment is required each semester for full-time students between 19 and 23.

COBRA SUBSIDIES FOR SOME WHO LOSE COVERAGE

Part of the American Recovery and Reinvestment Act of 2009 (ARRA) allows anyone who lost coverage due to "involuntary termination" of employment during the period Sept. 1, 2008, to December 31, 2009, to purchase insurance coverage at only 35% of the usual COBRA premium, for up to 9 months. The premium reduction does not extend, however, to those who lose their health insurance due to

reduction of hours. This excludes many if not most adjuncts who lose their insurance for a term or more when a class is not offered and their hours drop below the required amount. Those affected may still purchase COBRA coverage but not at reduced rates.

In January the NYC Health Benefits Program—with CUNY following their lead—sent a letter and a COBRA application to all individuals

whom they determined to be affected by the new law. The CUNY letter also referred to the Welfare Fund, which will enroll eligible members once eligibility is established. The Welfare Fund has sent notice to all adjuncts whose loss of employment may qualify as "involuntary termination" if their hours drop to zero and they receive a notice of non-reappointment.

Details are online at www.pscunywf.org.

PSC-CUNY WELFARE FUND FINANCIAL STATEMENTS FISCAL YEARS 2006-2008

Dear Member,

More complete financial data is available on our website, pscunywf.org. This abridged version is published to comply with legal notification requirements.

Statement of Net Assets*Fiscal Year Ending June 30*

<u>Assets</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash and Short term investments	\$11,071,253	\$8,675,036	\$824,828
Savings accounts and certificates of deposit	\$0	\$0	\$103,399
Contributions receivable from CUNY	\$0	\$235,794	\$34,481,068
Retiree drug subsidy receivable (RDS)	\$737,413	\$744,607	
Accrued interest and other receivables	\$870,264	\$1,215,957	\$1,952,058
Mutual Funds	\$736,422	\$728,626	\$666,694
Investments in govt. and agency obligations	\$27,074,825	\$28,377,364	\$38,538
Fixed assets (net of accumulated depreciation)	\$78,510	\$87,340	\$16,265
Other assets	\$10,950	\$723,048	\$28,823
TOTAL ASSETS	\$40,579,637	\$40,787,772	\$38,111,673
<u>Liabilities and Fund Balance</u>			
ACCOUNTS PAYABLE	\$2,950,979	\$2,511,122	\$2,089,809
TOTAL LIABILITIES	\$2,950,979	\$2,511,122	\$2,089,809
FUND BALANCE [Accumulated Reserves]	\$37,628,658	\$38,276,650	\$36,021,864

Statement of Changes in Net Assets*Fiscal Year Ending June 30*

<u>Additions</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Contribution Income</u>			
Employers	\$33,117,955	\$30,865,759	\$61,046,005
COBRA	\$222,994	\$268,704	\$262,058
Survivors	\$222,016	\$201,589	\$97,634
Total Contribution Income	\$33,562,965	\$31,336,052	\$61,405,697
Net appreciation in fair value of investments	\$401,547	(\$2,252)	\$2,177
Interest Income	\$1,604,948	\$1,486,793	\$33,173
Dividends			\$61,884
Other Income	\$112,582	\$1,486,988	\$422,886
TOTAL ADDITIONS	\$35,682,042	\$34,307,581	\$61,925,817
<u>Deductions</u>			
Net cost of benefits	\$34,652,544	\$30,796,871	\$28,472,286
Decrease (increase) In IBNR	\$334,047	(\$117,543)	(\$97,866)
Administrative costs	\$1,343,443	\$1,373,468	\$1,265,728
TOTAL DEDUCTIONS	\$36,330,034	\$32,052,796	\$29,640,148
Excess (Deficit)	(\$647,992)	\$2,254,785	\$32,285,669
Fund Balance - Beginning of Year	\$38,276,650	\$36,021,864	\$3,736,195
Fund Balance - End of Year	\$37,628,658	\$38,276,650	\$36,021,864