

Important News For BCBSNC Group Administrators

Eligibility of Under-65 Dependents of Medicare-Eligible Active Employees Who Decline Group Coverage

February 27, 2007

Dear BCBSNC Group Administrators,

Under current eligibility policy, dependents of Medicare eligible **active** employees are allowed to select and/or retain Blue Cross Blue Shield of North Carolina (“BCBSNC”) group coverage despite the fact that the active employee declined coverage under the policy. After seeking additional guidance from outside counsel and further review of TEFRA and Medicare Secondary Payer regulations, BCBSNC has reconsidered its position.

The Tax Equity and Fiscal Responsibility Act (TEFRA) applies to employers with 20 or more employees. Employers are required to offer their employees who are age 65 and older and their spouses, who are age 65 and older, the same group health insurance as their younger employees. Under Medicare Secondary Payer laws, Medicare is secondary to other coverage. The Centers for Medicare and Medicaid Services (CMS) may view allowing a spouse to stay on the group health plan when the employee elects Medicare as a prohibited incentive.

The following eligibility requirements are effective April 1, 2007:

- Active Medicare eligible employees must elect the BCBSNC group health plan in lieu of Medicare in order for their spouse or dependent to secure BCBSNC group coverage.
- Existing dependents that are currently “sponsored dependents” under the group health plan will be grandfathered in.

If you have questions about these requirements, please contact your BCBSNC account representative. Thank you.

Blue Cross and Blue Shield of North Carolina
Your Plan for Better Health

An independent licensee of the Blue Cross and Blue Shield Association.

® Mark of the Blue Cross and Blue Shield Association.

SM Mark of Blue Cross and Blue Shield of North Carolina.