



Benefits Bulletin

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Medicare Secondary Payer Notice

In accordance with the Medicare, Medicaid, and SCHIP Extension Act of 2007, health insurers and third party administrators will be required to obtain certain membership information as mandated by the Centers for Medicare and Medicaid Services (CMS) identifying situations where the group health plan is secondary to Medicare. CMS announced a mandatory requirement to be completed by January 1, 2010, for all carriers to submit the Social Security Numbers (SSNs) of employees and dependents who are 45 years of age or older and are in an employer group with 20 or more employees, active/inactive employee statuses, the total number of employees, including full and part-time employees, Employer Identification Number (EIN) or Tax Identification Number (TIN), and the employer's mailing address. Some employer groups may have received notice from their medical carrier requesting this information, if not, it will be forthcoming. Please note that this information will only be shared with CMS for reporting purposes, using a secure data transmission method. Non-compliance with this mandate will result in penalties. For additional information please visit the CMS website at: www.cms.hhs.gov/mandatoryinsrep/.

Source: *The Centers for Medicare and Medicaid Services*, <http://www.cms.hhs.gov/>. 2009.

COBRA Premium Subsidy Answers for Employers: Taxability and Recapture

Under the American Recovery and Reinvestment Act of 2009 (ARRA), certain individuals who are eligible for COBRA continuation health coverage, or similar coverage under state law, may receive a subsidy for 65 percent of the premium. These individuals are required to pay only 35 percent of the premium. Employers may recover the subsidy provided to Assistance Eligible Individuals (AEI) by taking the subsidy amount as a credit on their quarterly employment tax return. The employer may provide the subsidy, and take the credit on its employment tax return, only after it has received the 35 percent premium payment from the individual.

The following questions and answers reflect guidance from the Internal Revenue Service regarding taxability and recapture of the COBRA premium subsidy:

Is the 65% subsidy subject to state income tax? The premium subsidy is not included in income for federal tax purposes. However, its treatment for state income tax purposes is determined under state law and depends on the tax law of that particular state.

Will the COBRA premium subsidy be taxable income for the individual? The premium subsidy is not included in the individual's income. However, there is a phase-out of eligibility for the subsidy, which will increase some high-income individuals' tax liability if they receive the subsidy. The phase-out impacts individuals whose modified adjusted gross income exceeds \$125,000 (\$250,000 for those filing joint returns.) Tax liability is increased, to achieve repayment of a portion of the subsidy, for those taxpayers whose modified adjusted gross income is between \$125,000 and \$145,000 (or \$250,000 and \$290,000 for those filing joint returns.) If a taxpayer's modified adjusted gross income exceeds \$145,000 (\$290,000 for those filing jointly), the full amount of the subsidy must be repaid as an additional tax. There is no additional tax for individuals with modified adjusted gross income less than these income levels.

Source: *Internal Revenue Service*



New Kinds of Primary Care

Getting an appointment with a primary care physician (PCP) can take weeks. This is because we are facing a shortage of PCPs, due in part to medical students flocking to higher-paying specialist fields. Fortunately, there are alternatives: Physician Assistants, Nurse Practitioners, and Hospitalists who can fill in for PCPs. Please see the below guide.

Source: Dzubow, Lauren. "New Kinds of Primary Care." March 2009.

	PHYSICIAN ASSISTANT (PA)	NURSE PRACTITIONER (NP)	HOSPITALIST
WHAT IS IT?	A licensed clinician who has completed at least a two-year accredited program and practices under the supervision of a physician. PAs are not required to complete internships or residencies.	A registered nurse who has also completed graduate-level medical education - either two to four more years of study or a master's degree.	A physician who manages a patient's care in the hospital until she has been discharged. The majority are trained in internal medicine or pediatrics.
THE REASON	Begun in the 1960's in response to a shortage of PCPs.	Begun in the mid 1960's for the same reason as PAs, NPs can function as primary care providers with no supervision required.	A hospitalist makes it unnecessary for a PCP to visit hospitalized patients. The patient will also have an in-house point person to oversee care.
THE BENEFIT	PAs are often available for appointments when physicians are not and you will not be sacrificing quality of care. PAs can conduct physical exams, diagnose and treat illnesses, order and interpret tests, counsel on preventive care, write prescriptions, and assist in surgery.	NPs can provide care that matches doctors while still being cost-effective. NPs emphasize prevention and spend an average of 21 minutes with a patient.	Available around-the-clock and familiar with the hospital environment. This might reduce the length of stay and expense—by an average of 15 percent.
WHERE TO FIND ONE	At a doctor's office: about 35% of PAs work in primary care, the rest in medical and surgical specialties.	Local directory or visit npfinder.com . About 67% of NPs are in primary care.	Once you've checked into the hospital, they'll come to you. You can also call your local facilities to see if they employ hospitalists.