

## For brokers and producers only

Date: August 6, 2020

**Markets: ASO Groups**

### Self-insured Contract and 30-day Retroactive Termination Administrative Fee Change

To encourage accounts provide terminations in a timelier manner, CareFirst will be implementing a 30-day only retroactive (retro) term provision beginning September 2020, for all new business and group renewals. Because CareFirst provides administration services—such as customer service, ID cards, claims, etc.—beyond the 30-day grace period, self-insured accounts will no longer be credited back administration fees for members with retro terminations greater than 30 days old. This change will incentivize accounts to provide terminations earlier.

The 2020 ASA contract for new and renewing ASO accounts has updated language related to the 60- and 90-day retro term provisions. The new contract verbiage added to the ASA contracts for 2020 states:

#### Section IV: Sponsor Obligations

An important change to note is the addition of the following language to the 60- and 90-day retro term provisions “CareFirst’s credit for the Administrative Fee is limited to one month.”

At this time, the following types of accounts will be excluded:

- Fully Insured Accounts
- Self-insured Accounts – identified as excluded criteria
  - Cobra – groups and or group divisions
  - Exchange groups
  - FSP/GP groups – see note below
  - Labor Accounts
  - Municipalities
  - FlexLink Accounts
  - State of Maryland

We are currently working with the FSP/GP responsible for account billing and remitting payment to bring these groups into scope.

30-day provision example:

Contract ID 1234567890000690 has coverage effective 01/1/2020 and is active. Group has been billed thru 10/30/2020.

1. Group sends in a member retro termination with cancel date of 9/1/2020. No claims will be processed after the cancel date of 9/1/2020. Claims processing uses the members coverage effective and end dates.

2. When the November 2020 billing invoice is run, there will be a credit adjustment for Contract ID 1234567890000690 for the October billing period. The invoice will reflect the account administration fees that were credited back to the account.
3. CareFirst will retain the Administration fee for the month of September. The account receives a credit for 30 days only.

### **Account communications**

All Account Executives, Account Managers and FSP/GPs should reach out to their accounts and explain the contract change.

### **For more information**

If you have any questions, please contact your broker sales representative.