

URGENT DATAPATH UPDATE

April 27, 2018

DataPath Administrative Services (DataPath) is committed to serving members of the Vermont Education Health Initiative (VEHI). Beginning Tuesday, May 1, DataPath will begin administering your plans and providing solutions for the accounts that have been in place since January 1, 2018.

The following sections outline updated payment arrangements and administration fees, debit card options, pharmacy and prescription reimbursements, what will occur during blackout period, and what to expect during this transition. If you have further questions or concerns about your group's accounts, please contact Ben Robbins at brobbins@datapathadmin.com.

After full review of HRA configurations in all school districts in the state, DataPath has determined that they **are unable to administer those HRAs as currently designed**. As a result, DataPath has been asked to provide **alternatives** to ensure that employer HRA funding is provided to employees in an accurate and timely manner. The options are as follows:

(1) Direct Payment to Employees (not to providers)

DataPath will **not** pay doctors and other providers directly. Instead, HRA funds will be sent **directly to employees**, who will then be responsible to pay any amount owed to providers.

- Employee funds will be **directly deposited** to the employees' bank account **at no cost**.
- DataPath will charge **the employer** a \$3.00 fee per reimbursement check when direct deposit is not available.

(2) General Administration Fees

The **employer fees** to administer the HRA and Limited Purpose FSAs will experience a modest increase. Please see below for the fee increase.

- HSA, \$2.75 PEP (Same as FPA)
- FSA, \$3.70 PEPM (Same as FPA)
- Limited Purpose FSA, \$3.70 PEPM (increased from \$1.95)
- HRA, \$5.00 PEPM (increased from \$3.70)

(3) Debit Cards

Many of the challenges the plans are experiencing are related to **debit card features where the employee with an HRA has a first-dollar obligation for pharmacy (Rx) claims**.

Where employees are currently obligated to pay **first dollar** toward their medical care, including Rx services, DataPath can only accommodate a debit card arrangement going forward if school boards and local unions agree **to remove** employees' first-dollar obligation from **pharmacy obligations**. In other

words, what an employee is required to pay toward his or her maximum out-of-pocket exposure would be applied to medical services alone, not Rx.

If the local parties want to remove employee first-dollar obligations from pharmaceutical services as discussed above, to permit a debit card to continue to be available to employees, DataPath needs a decision no later than **May 15, 2018**. Otherwise, DataPath will honor the financial terms of the CBA as currently written, but **without the HRA debit card feature**.

Here are two options, with DataPath as TPA, related to debit cards and their future availability in school districts where employees currently pay first dollar toward their health care:

Debit Card Scenario I: Local parties agree to modify their collective bargaining agreements and remove employee first-dollar responsibility for pharmacy services:

- a. If this happens, the HRA debit card feature will go into effect on **May 21**.
- b. However, debit cards will **not** be available **May 1 – May 20** to allow DataPath time to make all necessary adjustments and to get all statewide accounts reconciled.

Debit Card Scenario II: Local parties do NOT modify their collective bargaining agreements and, thus, retain employee first-dollar responsibility for prescriptions as well as medical services:

- a. In this case, there will no longer be a debit card available to employees, unless at a later date the parties decide to negotiate the debit card scenario above.
- b. Therefore, with no debit card, employees will have to pay the full cost of prescriptions when they pick them up and will be reimbursed according to the terms of the HRA provisions in their collective bargaining agreement.

The following scenarios will experience the blackout period, but cards will be reactivated on May 21:

- School districts that are paying 100% of out-of-pocket costs with an HRA and offer a debit card.
- School districts that are paying first dollar of OOP costs with an HRA and their employees are paying final dollar at the back end.

What about “donut hole” arrangements in school districts with HRAs, where either the employer or the employee is paying “in the middle” and the other party is paying first and last dollar?

- Debit cards for the HRA will not be permitted or made operational in any school district with a negotiated “donut hole” arrangement.

(4) Substantiating Prescription Purchases at Pharmacies

Employees who fill prescriptions at a small number of pharmacies known as **90% Merchants** may need **to submit receipts to DataPath** for reimbursement in accordance with IRS regulations. **(More details will follow shortly on these select merchants).**

Filling prescriptions at major retail chains like Rite Aid, Walmart, CVS, Kinney Drugs, etc., will NOT require employees to submit receipts. In most instances, pharmacy claims will be substantiated through the IAS (Inventory Information Approval System).

(5) DataPath “Blackout” Period: May 1 – 20, 2018

DataPath needs a “blackout” time – **May 1 to May 20** – to rectify all account problems statewide and make reimbursements.

During these three weeks:

- DataPath will assist FPA in correcting plan design flaws, reprocess claims, and reconcile accounts retroactively to January 1, all while data is still in FPA’s system.
- Starting May 1, DataPath will receive **new claims data** from BCBSVT and hold these claims until their system is ready to process them correctly.
- By May 18, all accounts will be reconciled and each S.U. will receive an audit report of total HRA dollars paid and any amounts due to members or to Future Planning.
- From May 19 – 20, DataPath will **import data** from FPA’s system to its system.
- Beginning Monday, May 21, DataPath will begin processing old claims that had not been processed by FPA prior to the transfer of data, as well as new claims received by DataPath.
- If the local unions and school districts modify their collective bargaining agreements to allow the continued use of debit cards and inform DataPath by **May 15** of this decision, debit cards will be reactivated on **May 21**.

What happens to the debit cards during the “blackout” period” as they relate to the FSA (Flexible Spending Account)?

- The FSA feature of the debit cards have to be turned off from May 1 to May 20. They will be re-activated beginning May 21.

What happens to HSA (Health Savings Account) debit cards during the “blackout” period”?

- School districts and school employees with HSA (Health Savings Account) are not affected. **HSA debit cards will NOT be turned off at any time** during the transition.

(6) What can school employees and school districts expect during May 1 – 20?

- If members plan on picking up a prescription between **May 1 and May 20**, and intend to use a debit card that they now know will no longer be available on May 1, they should request the prescription be available for pick-up **by 11:59 pm on April 30**. To help with this, BCBSVT will do an **“override”** to allow the prescriptions to be picked up early.
- Beginning May 1, all claims should be submitted to DataPath for reimbursement (to be processed starting May 21).
- Members will still have VEHI health coverage and access to Express-Scripts customer service 1-877-493-1947 as DataPath processes claims and reconciles accounts.
- DataPath will be working on claims reconciliation.
- Members should expect quick resolution of claims submitted during May after May 21.
- DataPath will **not** take member calls beginning May 1, because the FPA data will not be in their system until the electronic migration that will occur May 18 – 20 is complete.

- DataPath's phone line will provide a recorded message (what to expect, where to find forms, etc.) but school employees and central office personnel not be able to speak with a customer service representative until May 21.
- Any funds employees are owed for costs they incurred for medical and Rx services, both before and after May 21, will be reimbursed as soon as possible, according to the HRA provisions in their collective bargaining agreement.