



## BlueFlex Compliance Related Topics

### Continuation of Coverage for Dependents

BlueFlex follows LB551 legislation (Neb. Rev. Stat. 44-710.01) allowing for continuation of coverage to age 30.

The dependent must be actively covered by the plan when they turn 26 years old to continue coverage. If the dependent is over the age of 26 and comes to Blue Cross and Blue Shield of Nebraska (BCBSNE) on a new or existing group plan, we will not cover the dependent.

### Summary Plan Description (SPD)

BCBSNE provides ERISA compliant SPDs to our BlueFlex groups. Please work with your account team to obtain a generic copy of the SPD.

### Patient-Centered Outcomes Research Institute Fee

Per the IRS guidelines, the Patient-Centered Outcomes Research Institute (PCORI) fee are the self-funded group's responsibility to file (720 form) and pay. We do not build the estimated PCORI fee into our rates.

We are providing brokers enhanced membership reporting, by month, for BlueFlex groups, upon request. This became available effective June 2020. Since there are a few calculations to determine the average number of lives covered under a specified health insurance policy for a policy year (the actual count method, the snapshot method, the member months method or the state form method), we will only provide membership by month during the active months of the policy. The group will be responsible for determining the calculation and filling out the IRS 720 form, if required. If the group was fully insured for part of the reporting period, we will continue to pay the PCORI fee on behalf of the group during that specific fully insured contract period only.

Per **IRS.gov**, specific rules and filing requirements related to the extension of the PCORI requirement are currently being worked on and will be provided on their site soon. Group leaders and brokers of self-funded groups should frequently check the site for updates.

According to the **IRS due date and rate chart** the filing due date of July 31, 2020, was for policy or plan years ending the months of Jan. 2019 – Sept. 2019. We do not have any BlueFlex groups with plan years ending in those months since the first groups on the product were effective Dec. 1, 2018 – Nov. 30, 2019. However, there is also information on the IRS site that states, “The Form 720 will be due on July 31 of the year following the last day of the policy year or plan year.” With that statement, we are prepared to generate reporting for groups with effective dates Dec. 1, 2018 and Jan. 1, 2019 since those plan years ended in 2019. We encourage groups to consult with their tax advisor and/or legal counsel for filing purposes.

A sample copy of the PCORI fee membership reporting is available on our website, under the Reporting tab: **NebraskaBlue.com/Brokers/Small-Group-Plans**

The information provided above does not constitute legal or tax advice. Groups should consult with their tax advisor and/or legal counsel for filing purposes, as well as review the **IRS.gov** website.

### State Continuation on BlueFlex

State continuation will not be offered to groups with 5-19 employees. COBRA will be available to groups with 20-50 employees.

### Additional Plan Sponsor Responsibilities for Taxes and Fees

The plan sponsor is responsible for 1095B/1095C reporting to the IRS – and in the case of BlueFlex, the employer group is the plan sponsor. As a courtesy, we will be providing BlueFlex brokers with their groups’ enrollment information necessary to complete this filing and will be distributed to brokers by the end of January each year. If the group was fully insured for part of a calendar year, we will create and mail out all 1095 forms for the group during that contract.

The group is also obligated to file the IRS 720 form for PCORI fee’s (see previous information).

The group is also responsible for notifying BCBSNE if they are impacted by the New York Health Care Reform Act (NYHCRA). We can help send in forms when electing

into the pool. We also provide reporting and pay standard administration fees on behalf of our groups as part of the BlueCard Program. More information on NYHCRA is available on our website, **NebraskaBlue.com/Brokers/Small-Group-Plans**, as well as on their website, **health.ny.gov/regulations/hcra**.

Blueflex groups will need to determine whether to file the 5500 form on their own. We do provide 5500 forms to self-insured groups. However, we generally only provide them to groups with over 100 enrolled employees or upon request.

### Profit-Sharing Payments

As part of BCBSNE’s BlueFlex level-funded product, groups may be eligible for a profit share payment if they meet criteria outlined in the Administrative Services Agreement. BCBSNE reconciles the claims fund and determines if the group is eligible for a profit share payment for the specific contract year.

BCBSNE recommends that each group consult with its broker, attorney, or accountant regarding the utilization and/or distribution of the profit share payment. We provide a copy of the final aggregate report for the contract year. For more information on how the profit share payment was calculated, please review Attachment 1 of the Administrative Services Agreement (ASA). Please reach out to your broker for a copy of the ASA.

### Creditable Coverage

We examine all BlueFlex plans and display their prescription drug plan creditability status for the upcoming plan year on our website: **NebraskaBlue.com/Employers/Employer-Updates/Creditable-Coverage**. We handle this process the same for our fully insured employer groups. We will notify employers electronically at the link above every year by Oct. 1. We will send a reminder in a group leader and broker update when the information is published. Then it is the groups responsibility to comply with CMS Guidelines and provide annual notice to their employees by Oct. 15.