

Claims Resulting from Late Member Termination Notification

Issue

- Participating groups routinely send late termination notifications.
- Retroactive termination notifications of 30 or more days after the coverage end date are very common.
- Any delay in receipt of a termination notifications means that claims will continue to be incurred and paid for individuals who should no longer be covered.

Risk

- For Medical and Dental claims this is generally not an issue, as claims can be retracted.
- However, that is not the case with Rx claims, which can be neither returned nor retracted.
- This means the OPEH&W Health Plan is incurring risk and cost it is not obligated to.
- With the high cost of prescription drugs, more especially specialty medications available now, the potential is significant.
- Additionally, with the new high-cost medications in the pipeline for FDA approval, the future potential exposure is enormous.

Solution

- To deter slow notification of terminations, authorize the Plan Administrator to charge any participating group directly for any Rx claims incurred for a terminated member which occurred after the coverage end date.
- Consideration should be given to applying a grace period of 5-working days for termination notification following the coverage end date, with only Rx claims incurred thereafter being charged.