



## COVID SURCHARGE FAQs JANUARY 2021

### FAQs for Brokers, Employers and Consumers Covered by Affiliated Physicians and Employers Health Plan, d/b/a Members Health Plan NJ (MHPNJ)

**1. Why are MHPNJ employers being billed a 5.5% COVID-19 surcharge?**

Since the beginning of the pandemic, the Board has been monitoring the claims volume to see what effect, if any, COVID-19 would have on the Plan. After holding our healthcare fees relatively flat with no or little increases for most of 2019 and a portion of 2020, we have since experienced a significant rise in claims related to the pandemic. This cost includes a significant increase in COVID-19 testing costs for claims when enrollees are not symptomatic or exposed, and for work-related testing. The Plan has spent an estimated \$10 million in COVID-19 claim expenses, in addition to normal anticipated claim volume.

**2. Why is this being done now and not at time of a group's renewal?**

The surcharge is being implemented now because claims have continued to increase as a result of COVID-19 and the Plan could not continue to absorb the cost without an increase in its healthcare fees. As a self-insured member owned and governed MEWA health plan, we want to ensure that Members Health Plan NJ remains strong for all of our members and sponsor associations. New Jersey has very few health plan options that are designed to meet the special needs of small and medium sized businesses and associations, and we want to remain the best health for our members.

**3. What other measures is the Plan taking to manage COVID-19 claims cost and other plan expenses?**

In addition to the COVID-19 surcharge, the Plan will continue to manage COVID related claims and costs aggressively and find additional ways to lessen the impact to our members. For example, we have:

- Secured cost reductions of about 10 percent from all of our key vendors and will continue to work with them to achieve further savings whenever possible;
- Identified additional ways to minimize Plan expenses;
- Communicated with employers how best to direct their enrollees for work-related COVID-19 claims to other insurance programs, such as workers compensation which is in place to cover work-related medical costs; and
- Have and will continue to educate members/employees about Plan coverage for COVID-19 related testing, vaccines, and other related issues.

**4. Who will the COVID-19 surcharge apply to?**

The COVID-19 surcharge will apply to all active groups enrolled in Members Health Plan NJ. All active groups will receive a monthly 5.5% surcharge beginning with the February 1<sup>st</sup> Invoices.

**5. Is the COVID-19 surcharge a one-time fee?**

No, the 5.5% COVID-19 surcharge will be included on your monthly invoice beginning February 1<sup>st</sup> and is projected to continue until 12/31/2021. The surcharge could end sooner if claim volume normalizes.

**6. Is the COVID-19 surcharge permanent or does it end at some future date?**

This measure will go into effect on February 1, 2021. The COVID-19 surcharge will be calculated on your total monthly healthcare fees and will be added to your invoice each month and could be adjusted at any time if needed. This measure is permitted as outlined in our contract. The Board will continually assess the situation and hopes to remove the surcharge as soon as costs and claims volume normalize.

**7. Is the COVID-19 surcharge assessment commissionable?**

No, the COVID-19 surcharge is not commissionable for any entity that is being paid commissions.

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**8. Why does the COVID-19 surcharge include dental fees?**

As a self-insured health plan, all health care fees collected are subject to the surcharge (Medical/Rx/Dental) as the pandemic has impacted the Plan as a whole. Dental costs have increased as a result of COVID-19 due to providers requiring more PPE and are therefore subject to the surcharge.

**9. Can the COVID-19 surcharge be paid overtime for groups with financial hardship?**

No, the COVID-19 recovery surcharge is due with your monthly healthcare fees.

**10. Is the COVID-19 surcharge being applied only to active groups with MHPNJ?**

Yes, the COVID-19 surcharge will only be applied to active employers in MHPNJ.

**11. Will new business sold for January 1<sup>st</sup> and February 1<sup>st</sup> receive the COVID-19 surcharge of 5.5%?**

Yes. Due to the fact that the Plan did not adjust 1<sup>st</sup> quarter rates for new business and renewal rates, all active groups including new groups for 1/1 and 2/1 will receive the COVID-19 surcharge starting February 1, 2021.

**12. Will groups that have terminated with MHPNJ in 2020 be invoiced for the COVID-19 surcharge?**

No, employers that were in enrolled in MHPNJ and terminated in 2020 will not be responsible to pay a COVID-19 surcharge.

**13. Will the COVID-19 surcharge be invoiced to groups that decide to terminate coverage with MHPNJ?**

All employers will be responsible for the COVID-19 surcharge for the months that they are actively enrolled.

**14. Can employers refuse to pay the COVID-19 surcharge and terminate coverage immediately?**

Employers do not have the ability to terminate coverage; however, the Plan requires 60 days' notice unless the group is in a renewal cycle.

**15. Will COBRA or DU31 members be charged the COVID-19 surcharge?**

No, COBRA and DU31 Members will not be billed the 5.5% COVID-19 surcharge due to federal restrictions.

**16. Who can I contact if I have additional questions regarding the COVID-19 surcharge?**

Employers and Brokers can contact the plan by calling (833) MEWANOW, prompt #9 or send an email to [infomhpnj@concordmgt.com](mailto:infomhpnj@concordmgt.com). Additional information can also be found on the Plan's website [MembersHealthPlanNJ.com](http://MembersHealthPlanNJ.com).

**17. Will employers have any liability to MHPNJ in the future?**

As outlined in our group contract and in our SPD, the Plan does include a statement of "contingent liability" which means that in the event the plan is unable to meet its claims obligations, the plan does have the ability to assess employer groups further.

**18. What is Contingent Liability?**

As a self-insured health plan, the Plan is responsible for the claims of its participants. If the claims experience of a Plan is higher than anticipated (e.g. the plan experiences a "catastrophic claims year"), the Plan itself and by extension the members of the Plan are responsible for any shortfall. Though numerous safeguards are included in the pricing and operation of the program, this "contingent liability" remains a risk and must be carefully considered by participants. Contingent liability is the possible amount that an employer of the Plan may be obliged to pay in excess of its Health Care Fees (Pseudo premium) if the Plan is unable to meet its claims obligations.

**19. How were employers informed about the contingent liability?**

Upon enrollment, all employers signed a Health Plan Participation Request/Contract that included the Health Plan's Guidelines, Terms and Conditions, as well as specific language regarding "contingent liability." The statement is as follows:

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## Statement of Contingent Liability

This is a fully assessable benefit plan. In the event that the Trust is unable to pay its obligations, Participating Members in the Trust shall be required to contribute on a pro rata earned contribution basis the funds necessary to meet any unfilled obligations. <https://membershealthplannj.com/wp-content/uploads/2019/09/MHP-Group-Contract.pdf>