

Benefit Brief



SUBJECT: TRICARE Update

DATE: December 12, 2007

This Benefit Brief describes the coordination of employer-sponsored group health plans with TRICARE military coverage. The TRICARE Act becomes effective on January 1, 2008.

The new TRICARE amendment affecting coordination of group health plans and military coverage becomes effective January 1, 2008. The following changes were made under the new federal law:

- Group health plan sponsors can no longer offer TRICARE-eligible employees financial or other incentives not to enroll in their health plan that would provide primary coverage.
- TRICARE-eligible employees must be given the same opportunities to participate in a plan as similarly situated non-TRICARE eligible employees.
- Employer-sponsored group health plans may not offer TRICARE-eligible employees a TRICARE supplemental policy. However, TRICARE beneficiaries may still purchase a TRICARE supplemental policy from an insurer or beneficiary association as long as it is not offered through an employer.

TRICARE is the military health insurance program for active duty and retired members of the uniformed services and their families. The law applies to all employers with 20 or more employees, including state and local governments, with no exception for religious organizations. It applies to insured and self-funded group health plans and includes TRICARE-eligible employees and dependents. When a TRICARE-eligible person is employed by a public or private entity, any group health plan coverage elected by the employee pays primary. TRICARE coordinates with the group health plan coverage by paying secondary.

The new rule is part of the John Warner National Defense Authorization Act for Fiscal Year 2007. The purpose is to prevent plans from shifting health costs to the Department of Defense (DoD). There are penalties of up to \$5,000 per violation. TRICARE should be treated in the same manner with respect to employer group health plans as Medicare is treated under the Medicare Secondary Payer laws.

Plan sponsors should review their plans to determine how they currently coordinate with TRICARE, and whether TRICARE-eligible employees and dependents are treated differently from other participants. Calendar year plans need to make any necessary changes by the end of this year.

If you have any questions about this TRICARE amendment or how it applies to your health plan, please contact Danielle Omans at The Benecon Group at domans@benecon.com or the number shown below.

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