

In This Issue

- [Important News: MBS Amends Subrogation and Recovery Plan Provisions](#)
- [MBS Reaches Out to Expectant Mothers](#)
- [MBS Rates Well with Stop-Loss Carriers](#)

Important News: MBS Amends Subrogation and Recovery Plan Provisions

Subrogation and recovery provisions permit group health plans to recoup all or part of health plan expenditures in accident cases. While full recovery is not always possible, health plans should have appropriate language in place to aid recovery to the extent feasible.

The Supreme Court ruling in the following case provides guidance regarding the specific language that should be included in your plan's subrogation and reimbursement provisions:

Joel and Marlene Sereboff were injured in an automobile accident in 2000. Their carrier, Mid-Atlantic Medical Services, paid their medical bills of \$74,869.37. When the Sereboffs received \$750,000 from a personal-injury settlement in 2003, Mid-Atlantic requested reimbursement. The Sereboffs refused. Mid-Atlantic filed suit against the Sereboffs under the Employment Retirement Income Security Act (ERISA). On May 15, 2006 the United States Supreme Court ruled to allow enforcement of Mid-Atlantic's ERISA subrogation rights.

In collaboration with our strategic partner, Cost Recovery Systems, Inc., MBS has rewritten the subrogation and reimbursement provision for group health plans to:

- Specifically identify the funds to which the plan's subrogation rights apply and the portion of those funds that are recoverable by the plan
- Specifically state that a constructive trust applies against any distributed funds that are subject to subrogation
- Specifically state that subrogation applies without regard to the "make whole" doctrine, the "common fund" doctrine, or any other doctrines, remedies, or defenses that would limit the plan's reimbursement rights

Effective August 1, 2006 MBS automatically amended plans to replace the current "Third Party Recovery Provision."

If you have any questions, please contact your MBS Account Manager.

MBS Reaches Out to Expectant Mothers

Instead of waiting on an expectant mother or her physician to contact MedCost, MBS is now proactively screening clients' employee population for enrollment into the

SmartStarts Maternity Education Program. If an expectant mother has not already enrolled in this beneficial program, MBS will invite her to participate in SmartStarts. The mom-to-be will receive a letter explaining the benefits of SmartStarts, encouraging her to contact one of our prenatal nurse mentors.

Once enrolled in SmartStarts, expectant mothers receive maternity management education, personalized coaching and access to Web-based educational tools. SmartStarts helps to ensure the healthiest outcome for both mother and baby, while significantly reducing the financial impact of maternity/newborn care.

**MBS Broker Meeting in Wilmington, NC
June 13, 2006**

“My advice to brokers is to take care that your buying decisions are accurate. If a network or carrier out there claims to have X% discount, be sure that all factors are comparable. Not all companies are painting a true picture, particularly if they are comparing their managed care contractual arrangement by factoring in deductibles and patient portions against another company’s straight discount with a provider or facility. A valuable item often overlooked is the employee satisfaction level with a health plan.”

— Debra P. Burden, RN, MSN
Director, Patient Financial Services
New Hanover Health Network,
Wilmington, N.C.

MBS Rates Well with Stop-Loss Carriers

Peace of mind and financial security are necessary components of a successful self-funding relationship. As the leader in benefits administration, MedCost Benefit Services is proud to partner with the following carriers that couple superior financial ratings with strong reputations for competitive pricing, services and integrity:

National Benefit Resources (NBR)

Member of UnitedHealth Group

MBS Administration + MedCost PPO + Care Management = NBR discounted premium, which is not available to any other TPA in the southeast.

MBS represents the single largest TPA premium block for NBR in the southeast and the second largest block in the nation. Our historical partnership has allowed NBR to dedicate an underwriting team to MBS that is committed to flexibility and competitive pricing.

MBS is one of only three payers in the southeast that has achieved “Hall of Claims” status with NBR. This elite ranking provides MBS clients with expedited stop-loss claims reimbursement. We subject ourselves to an intense annual audit, which allows us to forego an audit of every claim.

HCC Life Insurance Company

HCC represents the largest medical stop-loss insurance carrier in the country. Of that block, MBS represents its third largest TPA (as of 12/31/05). We partner with HCC because of its demonstrated underwriting flexibility as well as fair and timely stop-loss

claim reimbursement practices. In return, HCC discounts premiums to MBS clients based upon our historical TPA performance, PPO valuation, and health management programs. These three components—MBS as a TPA, MedCost as the PPO, and MedCost Health Management—have resulted in maximum premium discounts.

The Hartford

Hartford recently completed an on-site audit of MBS and MedCost Health Management. The results: a superior rating in all categories. Premiums are significantly discounted based upon seamless integration of operations, PPO, and health management programs.

www.mbstpa.com