SIHO INSURANCE SERVICES

Health Care Reform Update

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As you know, the Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. Since that time SIHO has been sending periodic e-news regarding the provisions of the bill. In order to provide structure, the following timeline will be included with each newsletter; In addition, each newsletter will provide clear and pertinent information about a selected few topics from this timeline **and will be highlighted in red.**

Immediately

- Grandfather Status
- Small Business Health Insurance Tax Credit
- **Reinsurance Program for Early Retiree Health Coverage (June 1, 2010)**
- High-Risk Pool Coverage (July 1, 2010)
- Health Insurance Informational Portals (July 1, 2010)

Plan Years Starting on or after September 23, 2010

- Dependent Coverage through Age 26
- No Pre-Existing Condition Exclusions for Children
- No Lifetime Benefit Limits and "Restricted" Annual Limits
- No Rescissions (except Fraud)
- All Emergency Services Covered In-Network*
- No Cost Sharing for Specific Preventive Services*

Note: *Indicates provision does not immediately apply to Grandfathered Group Health Plans.

2011-2013

- Increased tax on HSA and MSA Withdrawals not used for Medical Expenses
- Public Long-Term Care Program
- Medical Loss Ratio (MLR) Requirements
- **Comparative Effectiveness Studies Begin**
- **All Group Plans Must Report Benefits to HHS**
- Additional Medicare Tax Levied onto High Income Individuals

2014 and Beyond

- Exchanges
- Annual Taxes on Private Health Insurers
- Monetary Penalties for any Individual Failing to Purchase Coverage
- Expanded Medicaid and Tax Credits for Low Income Individuals
- Employer Responsibility Requirements and Free Choice Vouchers
- Guarantee Issue and Guarantee Renewal
- Pre-Existing Exclusions, Annual Limits, and Lifetime Limits Eliminated
- Restricted Underwriting Factors
- Wellness Program Changes
- Excise Tax (2018)

ERRP Update

The Early Retiree Reinsurance Program (ERRP) published further guidance and future plans for the program on December 9, 2011. As of December 2, ERRP disbursed over $4.5 billion of the $5 billion allocated for reimbursment to various entities.

The ERRP update stated they will only accept claims on future files that are incurred before January 1, 2012. Any dates of service that take place following January 1 are not eligible for reimbursement through ERRP. Additionally, all claim files and reimbursement requests must be completed by March 30, 2012 in order to be eligible for reimbursement.

In the published guidance, all plan sponsors who have received reimbursement funds prior to the claim list process will now be required to submit a claim list to determine if all claims were eligible. If claims are now deemed ineligible, plan sponsors will likely be forced to return ineligible claim funds to ERRP. ERRP will then use that money to provide additional plan sponsors with reimbursement money. Plan sponsors waiting on reimbursement money will be reimbursed in the order that the reimbursement requests were approved. Money is not guaranteed to those plan sponsors who have not received confirmation from ERRP that the money will be allocated into their account.

In addition to the program nearing an end for the submission of reimbursement requests, claims lists have gone through a more detailed acceptance process since October 1. The acceptance of a claim list must go through a 5-step process in order to move forward and request reimbursement for each plan sponsor. Each time that the file goes through the acceptance process, it must pass through each step, one step at a time. If a claim list is rejected after step one, processing stops and error codes are only listed on errors found in step one. Claim lists must go through this in-depth review process each time they are resubmitted.

More information is available by clicking on the links below.

Claim List FAQ
ERRP Deadlines

Summary of Benefits and Coverage Extension

The Summary of Benefits and Coverage was originally set to take effect on March 23, 2012, but has recently been delayed. Public comments were received at the end of the 2011 and those comments will be taken into consideration while drafting the final regulation.

The Department of Health and Human Services (HHS) proposed a rule under the Affordable Care Act that would provide access to clear, consistent and comparable information about each health benefit plan. These tools, known as the Summary of Benefits and Coverage, would assist employers in order to select the best coverage for their business and employees.

“It is anticipated that the Departments’ final regulation, once issued, will include an applicability date that gives group health plans and health insurance issuers sufficient time to comply,” according to the Department of Labor (DOL) FAQ.

Additional information is available at the link below.

Department of Labor FAQ

W-2 Reporting of Aggregate Employer Cost of Health Care Coverage

The Patient Protection and Affordable Care Act (PPACA) established new requirements for the reporting of employer-provided health care coverage on Form W-2. New guidance, Notice 2012-9, has been issued and provides updates and clarifies information about the requirements, restating and superseding the information previously provided in Notice 2011-28, according to irs.gov.

“Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The amount reported does not affect tax liability,” according to irs.gov. “The value of the employer’s excludable contribution to health coverage continues to be excludable from the employee’s income. The new reporting requirement is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage.

W-2 forms must be provided to employees for the 2012 calendar year, which will typically be provided in January 2013.

According to irs.gov, employers will not be required to issue this form to retirees or any other former employees to whom the employer does not otherwise issue the W-2 form.

More information, including the IRS interim guidance, is provided in the links below.

W2 Reporting Interim Guidance (Notice 2012-9)
W2 Reporting Summarized

Essential Health Benefits Bulletin Describes HHS Plans

The Centers for Consumer Information and Insurance Oversight (CCIIO) issued a bulletin regarding essential health benefits on December 16. The bulletin addresses the Department of Health and Human Services' (HHS) plans to define essential health benefits. All non-grandfathered individual and small group health insurance plans must cover essential health benefits beginning in 2014.

According to the opening pages, the CCIIO bulletin provides an "overview of the relevant statutory provisions and other background information, reviews research of health care services covered by employers today, and then describes the approach HHS plans to propose."

Comments on the bulletin will be accepted through January 31. HHS will consider all public comments in making final determinations for essential health benefits.

Click on the link below to view the bulletin in its entirety.

Essential Health Benefits Bulletin

Please be advised that some regulations surrounding this legislation have not yet been finalized. The advice found within this newsletter should never be interpreted as legal advice.

You are receiving this message as courtesy of the SIHO Insurance Services Communications Team. If you have questions or comments specific to newsletter distribution, please contact Debbie Holman (Debbie.Holman@siho.org). If you wish to be removed from this newsletter, please reply directly to this message asking to 'unsubscribe'

For past issues and more on health care reform: http://www.siho.org/en/HCR/