



## Health Care Reform Update

May 12, 2010

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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
- Minimum 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)

### **Reinsurance Program for Early Retiree Health Coverage (June 1, 2010)**

On May 4, HHS issued interim final regulations to implement the Early Retiree Reinsurance Program. This program provides \$5 billion to reinsure plan sponsors (employers or employee organizations) that offer health insurance coverage for early retirees. The program reimburses the plan sponsor for 80 percent of the cost of claims between the \$15,000 cost threshold and the \$90,000 cost limit (to be adjusted annually for inflation).

The program is open both to sponsors that self-insure and those that are insured. The statute requires HHS to implement the program within 90 days of enactment, but HHS is implementing the program early, effective June 1. The program is scheduled to last until 2014 when the exchanges and public subsidy programs go into effect.

Early retirees must be at least 55 years of age, not eligible for Medicare, and not actively employed by an employer who maintains, contributes to, or has contributed to the retiree plan. The term "retiree," includes the spouse, surviving spouse, and dependents of a retiree. Dependency status depends on the definition found in the plan and not on federal or state tax law.

### **High-Risk Pool Coverage (July 1, 2010)**

States were required to declare by April 30, 2010 whether they would prefer to operate themselves PPACA's high-risk pool for uninsured persons with preexisting conditions (which is supposed to become operational ninety days from enactment) or to let the federal government implement it. At the time of writing, eighteen states - including Indiana, chose to opt out, requesting the federal government to operate the program within their state. Regardless of who operates the pool, the statute provides \$5 billion in federal funding for the program, which is supposed to support the program until 2014 when denial for pre-existing conditions will be prohibited.

### **Health Insurance Informational Portals (July 1, 2010)**

The first interim-final regulations proposed for implementing the health reform program were issued on April 30. These regulations address the operation of the web portal. The portal is to provide information regarding health insurance coverage in the individual market, Medicaid, the Children's Health Insurance Program (CHIP), state high risk pools, and the new high risk pool created by PPACA. It is also supposed to include information on small group coverage, including information on assistance programs available to small groups under the PPACA.

HHS is supposed to begin collecting information to populate this portal not later than 60 days after enactment and is required to develop a standardized format for presenting the information. The web portal will continue to operate, either by HHS or a contracted partner, once the exchanges are established and be made available to the states as a model template that the exchanges can use to provide enrollees with information about coverage options. The web portal will, in a sense, become the informational backbone of the exchange.

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

Please be aware that the regulations surrounding this legislation have not yet been finalized. These regulations usually take several months to be drafted and accepted as the intent of this legislation is understood and clarified.

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