



INSURANCE  
SERVICES



## Health Care Reform Update

June 9, 2010

[www.siho.org](http://www.siho.org)

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)**

New information has recently been released regarding the Early Retiree Reinsurance Program (ERRP). The Federal Government has just released the draft application outlining the required information from employers intending to seek federal reimbursement for 80% of claims between \$15,000 and \$90,000 by early retirees and their dependents per year. Draft application instructions and supplemental information are also included in the links below. All plans wishing to participate will first have to complete the application and receive approval from the Secretary of HHS before any claims may be submitted for reinsurance consideration; applicants will only be required to submit an application during the first year of participation. The ERRP has not provided a final version or address for submitting the application; but is expected to begin accepting applications in late June.

Information that employers will need to provide, based on the draft application, includes an estimate of how much they expect to receive in reimbursement during a two-year period and the programs employers have in place to reduce the cost of chronic and high-cost conditions, which are defined as a condition for which \$15,000 or more in health care claims are likely to be incurred by one plan participant. Section 12 of the Supplemental Information document estimates 227 hours of work in year one for a plan to fully comply and execute this program, breaking down these hours by task, with 35 hours allocated to the application process alone. In addition, plan sponsors have to provide information on how they plan to use the reimbursement; health care reform law dictates that employers must use the reimbursement to reduce their costs, the plan enrollees' costs, or a combination of the two. ERRP has been allotted \$5 billion in federal funding to administer the program until January 1, 2014.

[Application and Application Instructions] <http://www.hhs.gov/ociio/regulations/index.html>

[Supplemental Information] [http://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=201005-0938-012](http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201005-0938-012)

## **No Pre-Existing Condition Exclusions for Children**

All group and individual health plans, including self-funded plans, will have to cover pre-existing conditions for children age 19 and under for plan years beginning on or after September 23, 2010. The provision extends to all Americans beginning in 2014. Note that adult children, those covered from age 19 to 26, who have health benefits coverage, will not be covered under the new pre-existing clause.

## **Additional News**

President Obama and HHS Secretary Kathleen Sebelius on Tuesday, June 8 participated in national telephone-town hall conference targeted at senior citizens. The event coincided with the first round of \$250 checks being mailed by the federal government to Medicare participants falling into the prescription drug "doughnut hole". Under such plan, prescription benefit coverage forced participants to cover 100% of drug costs above the initial coverage threshold but below the catastrophic coverage level. The benefit was created by the Congress in 2003 in attempt to reduce costs from newly created universal Medicare drug entitlement. The HHS has stated that the first batch of 80,000 checks will mailed on June 10, with an estimated 4 million seniors expected to receive checks by the end of 2010.

**For past issues and more on health care reform:** <http://www.sih.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.

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 Chris Asher ([Chris.Asher@SIHO.org](mailto:Chris.Asher@SIHO.org)) or Andrew Kirk ([Andrew.Kirk@siho.org](mailto:Andrew.Kirk@siho.org)). If you wish to be removed from this newsletter, please reply directly to this message asking to 'unsubscribe'.

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