

Health Care Reform: Are You Ready for the 2010 & 2011 Changes?

Financial Executives Network Group

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Employee Benefit Consultants

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Health Care Reform - 2010



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2

What Did We Get? Some think ...

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What Did We Get? Some think ...

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What Did We Get? The answer

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The Legislation ...

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Patient Protection and
Affordable Care Act
(PPACA)

Passed March 23, 2010
(2,409 Pages)

Health Care and Education
Reconciliation Act of 2010
Passed one week later

(153 Pages)

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6

Legislation Amended / Impacted ...

- Employee Retirement Income Security Act of 1974
- Internal Revenue Code
- Department of Labor Rules & Regulations
- Equal Employment Opportunity Commission
- Health Care Providers
- State's Jurisdiction of Health Insurance
 - Minimum policy requirements
 - Uninsurable pools
- Health Insurance Providers
- **Consumers!!!**

The Reforms - It's a Big Deal!

These changes are effective for 1st Plan Year beginning 6 months after enactment:

- Elimination of lifetime limits
- Elimination of annual limits
- Extension of dependent coverage for adult children less than age 27, whether married or unmarried
- No pre-existing condition exclusion for dependents under age 19
- Bar rescission of health insurance coverage
- Standard uniform explanation of coverage (once developed)
- Cost reporting and rebate requirement

The Reforms (cont'd)

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These changes are effective 1st Plan Year six months after enactment:

- Coverage of preventative care
- Transparency requirements
- Non-discrimination rules for fully-insured plans
- Ensuring quality of care
- Claims procedures
- Patient protections
- High risk pools
- Plus a whole bunch more!

Government & Health Care

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Agenda ...



- Timeline for Group Health Plan HCR Provisions
- Health Insurance Reforms
 - [Grandfathered Plans – How Important?](#)
- **Employer Responsibility – Lots!!!!**
- Tax on Cadillac Plans – effective 2018 – forget for today

Group Health Plan Provisions - 2010



- Tax credit for small employers – **Begins 1/1/2010**
 - < 25 Full Time Equivalent
 - Avg. Annual Wage < \$50,000
 - Phase out rules in > 10 EEs; Avg. Annual Wage \$25,000
 - IRS IR-2010-063 – great explanation
- Definition of Dependent – Tax Free Health Benefit
 - Less than age 27
 - Single, married: children; step children; foster children
 - IRS IR-2010-38
- Retiree Reinsurance – 6/21/10 HHS Procedures
 - Early retirees age 55-65
- High Risk Pools – 6/21/10 HHS
 - Texas deferred to HHS

Group Health Plan Provisions - 2010

(cont'd)



- See slides 8 & 9

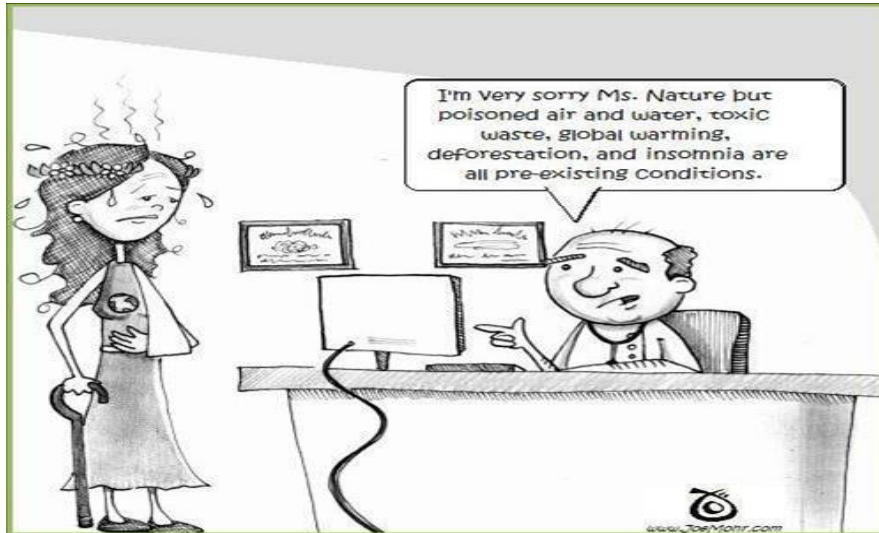
Group Health Plan Provisions - 2011



- Over the Counter Medications
 - FSA, HRA, HAS
 - Prescribed by physician, regardless if Rx is necessary
- Non-Qualified HSA Distributions
 - Excise Tax increased from 10% to 20%
- “Simple” Cafeteria Plan Safe Harbor
 - Certain requirements
 - < 100 last 2 full years
- W-2 Reporting – Value of Health Plan
 - COBRA Rates – Highest Level

Are we having fun yet?

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15

Health Ins. Reforms PY ≥ 9/23/10

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- Annual & Lifetime Limits – Eliminated
- Prohibition on Rescissions
- Coverage for preventative care
- Coverage for adult children less than age 27
- Nondiscrimination rules for insured plans
 - IRC Sec. 105(h) now applicable like Cafeteria Plans
- Preexisting condition exclusions - < age 19
- Cost Reporting and Rebate Requirements
 - Refund if loss ratio < 85% - Insured plans
 - Self-insured plans excluded
- Claims Procedures – Establish internal claims appeal process – 4 rules **PLUS** External Review Process

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16

Health Ins. Reforms PY ≥ 9/23/10 (cont'd)

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- Patient Protections (waiting HHS)
- Transparency Requirements (waiting HHS)
- Ensuring Quality of Care (HHS by 3/23/2012)
- Uniform Explanation of Coverage
 - In addition to Summary Plan Description
 - HHS to establish standards by 3/23/2011
 - Big \$1,000 penalty for each failure
 - Huge re-tooling for the industry

Do you sort of feel like

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Grandfathered Plans



- In existence before 3/23/10
- Must comply with all provisions of Legislation on first Plan Year on or after 9/23/10, except can exclude the following as long as it maintains Grandfather status (allowed changes by HHS - regs.???)
- Coverage of preventative care
- Nondiscrimination rules for insured plans
- Claims appeal procedures
- Transparency requirements
- Ensuring quality of care

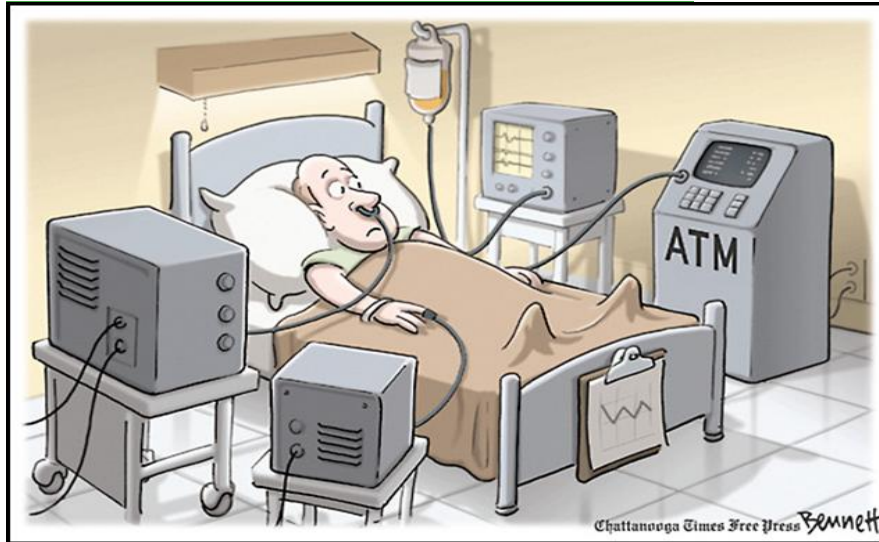
Grandfathered Plans (cont'd)



- Fair health insurance premiums
 - Loss ratio 85%
 - Fully insured plans only
- Non-discrimination based on health status (HIPAA)
- Prohibition on discrimination against providers
- Cost sharing limitations
- Requirement to provide essential benefits
- Participation in clinical trials
- IRS issued Interim Regs

Penny For Your Thoughts...

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21

Questions ...

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**Thank you
& congratulations on your endurance.**

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22