

Impact of Health Care Reform in 2010

A Guide to the 2010 Health Care Reform Provisions

Health Care Reform 2010 Premium Impacts	
0% – 3%	Extension of Dependent Coverage
0% – 2.5%	Preventive Services
0% – 1.5%	Lifetime Limits
	Annual Maximums
No anticipated impact	Limitations on Recissions
	Uniform Coverage Documents & Standard Definitions
	Incurred Loss/Claims Reporting Requirements
	Appeals Process
	Access to Pediatricians
	Emergency Services
	Prohibition on Pre-existing Condition Exclusions for Kids*
No impact	Access to OB/GYNs
To be determined	Loss Ratio Standards



*Applies to group coverage only



The Patient Protection and Affordable Care Act (PPACA) includes numerous individual and group comprehensive, major medical insurance market reform provisions that, for the most part, take effect in 2014 or later. Other provisions expected to have an impact in 2010 are more in line with mandated benefits changes, rather than comprehensive reform. A brief description of these changes and their anticipated impact follows.* Aetna will continue to evaluate premium impacts based on final regulations and other additional guidance from the U.S. Department of Health and Human Services (HHS) or other agencies.

**This information should be considered a high-level summary. This should not be considered legal or compliance guidance.*

Lifetime Limits

Prohibits lifetime dollar limits. It clarifies that nothing restricts the use of lifetime dollar per beneficiary limits for covered benefits that are not essential benefits.

[Section 2711 of H.R. 3590/Section 2301 of H.R. 4872]

Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: 0 percent to 1.5 percent increase

Annual Maximums

Prohibits annual dollar limits, except it allows for “restricted” annual dollar limits for essential benefits for plan years beginning prior to January 1, 2014. It also clarifies that nothing restricts the use of annual per beneficiary limits for covered benefits that are not essential benefits.

[Section 2711 of H.R. 3590/Section 2301 of H.R. 4872]

Grandfathered Plans

Individual	No
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: 0 percent to 1.5 percent increase

Limitations on Rescissions

Prohibits rescissions, except for fraud or intentional misrepresentation of material fact. It requires prior notice to the enrollee for cancellations.

[Section 2711 of H.R. 3590/Section 2301 of H.R. 4872]

Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact

Preventive Services

Requires coverage and prohibits the imposition of cost sharing for specified preventive services.

[Section 2713 of H.R. 3590]

Grandfathered Plans

Individual	No
Fully Insured Group	No

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: 0 percent to 2.5 percent increase

Early Retiree Reinsurance Program: How it can help you

This program can benefit employers who contribute toward health benefits for early retirees (age 55 and older, but not yet Medicare eligible) and their spouses, surviving spouses and dependents. However, the program has significant reporting and other requirements.

To be eligible, your plan must:

- Have programs and procedures in place (such as disease management programs) likely to generate cost savings for participants with chronic and high-cost conditions
- Use the program funds to offset increases in plan premium, other health benefit costs, or toward reducing plan participants’ costs
- Keep its current level (dollar value) of contributions unless the plan sponsor intends to use all the reimbursements to reduce plan participants’ costs
- Have policies and procedures in place to detect fraud, waste and abuse
- Retain all relevant information, data, documents and records about the program for six years after the plan year in which the claims were incurred

Extension of Dependent Coverage

Requires insurance/group plans that provide coverage for dependent adult children to continue until such child turns 26 years of age. It clarifies that nothing requires coverage for the children of dependent children.

[Section 2714 of H.R. 3590/Section 2301 of H.R. 4872]

Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: 0 percent to 3 percent increase

Uniform Coverage Documents & Standard Definitions

Requires adherence to standards (TBD by the HHS Secretary in accordance with specified guidelines) to compile and provide information to enrollees that accurately describes the benefits and coverage. It requires entities to provide the standardized summary to applicants, enrollees, policyholders and certificate holders within 24 months of enactment.

[Sections 2715 and 1251 of H.R. 3590]

Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact

Loss Ratio Standards

Beginning on January 1, 2011, mandates that an annual rebate be provided to each enrollee if the ratio of the amount of premium revenue spent on claims or medical expenditures to the total amount of premium revenue is less than:

- 85 percent for large groups
- 80 percent for small group
- 80 percent for individual

Allows the HHS Secretary to adjust the percentage for the individual market if she determines that the application of the 80 percent standard would destabilize the market. Also allows the Secretary to adjust the rates described above if she determines it is appropriate to do so, on account of the volatility of the individual market due to the establishment of State Exchanges. It permits states to establish higher percentages (for all three markets) by regulation.

[Sections 2718 and 1251 of H.R. 3590]

Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: To be determined

Small Employer Tax Credit

The health care reform law does not specifically require an employer to offer health coverage to its employees. However, beginning January 1, 2010, small employers that provide health care coverage to employees and that meet other requirements may be eligible for a federal income tax credit to offset premiums they pay for certain employees. Small employers can find more information on the tax credit at IRS.gov.

Incurred Loss/Claims Reporting Requirements

Requires the submission to the HHS Secretary of a report of the ratio of the incurred loss (or incurred claims) plus the loss adjustment expense to earned premiums, with respect to each plan year. It provides that the report include the following categories: 1) clinical services provided to enrollees, 2) activities that improve quality, and 3) all other non-claims costs (excluding federal and state taxes and licensing or regulatory fees).

[Sections 2718 and 1251 of H.R. 3590]

Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact

Appeals Process

Requires the establishment of an internal claims appeal process and external review process.

[Section 2719 of H.R. 3590]

Grandfathered Plan

Individual	No
Fully Insured Group	No

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact

Emergency Services

Requires plans that cover emergency services to provide such coverage without the need for prior authorization, regardless of the participating status of the provider, and at the in-network cost-sharing level.

[Section 2719A of H.R. 3590]

Grandfathered Plans

Individual	No
Fully Insured Group	No

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact

Access to Pediatricians

Mandates that if designation of a PCP for a child is required the person be permitted to designate a physician who specializes in pediatrics as the child's PCP if the provider is in network.

[Section 2719A of H.R. 3590]

Grandfathered Plans

Individual	No
Fully Insured Group	No

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact

Access to OB/GYNs

Mandates that females be allowed to select obstetrical or gynecological providers without authorization or referral requirements.

[Section 2719A of H.R. 3590]

Grandfathered Plans

Individual	No
Fully Insured Group	No

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No impact

Prohibition on Pre-existing Condition Exclusions for Kids

Prohibits the imposition of pre-existing condition exclusions for enrollees who are under 19 years of age.

[Sections 2704 and 1255 of H.R. 3590/ Section 2301 of H.R. 4872]

Grandfathered Plans

Individual	No
Fully Insured Group	Yes

Non-Grandfathered Plans

Individual	Yes
Fully Insured Group	Yes

Premium Impact: No anticipated impact. Applies to group coverage only