

Update on Health Care Reform for SOLO and Employer Groups

June 7, 2010

At Rocky Mountain Health Plans, we are working diligently to help our Members understand all of the requirements in the recently-passed federal health care reform bill.

Although the bill will not be fully implemented until 2014, certain changes begin as early as this year. Generally, for RMHP Members, this year's changes will begin October 1, 2010.

This document provides a summary of the near-term changes in the individual and group market, along with the Rocky Mountain Health Plans implementation plan for each item.

Many provisions of the bill are pending detailed regulations from the Secretary of Health and Human Services. As clarifications become available, we will pass more information on to you.

On March 23, 2010, the Patient Protection and Affordable Care Act was signed into law. A week later on March 31, the Act was amended by the passage of the Health Care and Education Reconciliation Act of 2010. These two Acts of Congress will bring wide-sweeping changes to the delivery of health care in the United States and in Colorado.

Grandfathered Plans

The New Law: Individual consumers and employer groups have a right to maintain their existing coverage if certain conditions are met. This coverage is referred to as a *grandfathered health plan*. To qualify as a grandfathered health plan, enrollment in the plan had to occur before March 23, 2010, the date the law was enacted. Grandfathered plans are available indefinitely.

Rocky Mountain Health Plans on Grandfathered Plans

Employer Group Health Plan Products

- Products with enrolled membership on March 23, 2010, have grandfathered status.

- New groups enrolling on or after April 1, 2010, are considered non-grandfathered plans.
- Employers with health plans in effect on March 23, 2010 can add new employees and dependents to their existing plans and maintain grandfathered status.

Individual Products (SOLO Health Plans)

- Individuals enrolled on March 23, 2010, have grandfathered status.
- Members enrolled in a SOLO plan on March 23, 2010, can add new dependents to their existing plan and maintain grandfathered status.
- New SOLO Members enrolling on or after April 1, 2010, will enroll on non-grandfathered plans.

There are many outstanding questions concerning this issue such as: What actions cause a grandfathered plan to lose its status? We expect clarification on this, and other grandfathered plans issues, to be made through regulation.

Access to Pediatricians

The New Law: Beginning October 1, 2010, health plan Members who are required to designate a Primary Care Physician (PCP) must be allowed to designate a PCP that specializes in pediatrics.

Rocky Mountain Health Plans on Access to Pediatricians

Today, all Rocky Mountain Health Plans participating pediatricians can be selected as a PCP. This access is already included in all Rocky Mountain Health Plans individual and group plans.

Appeals Processes

Beginning October 1, 2010, health plans must implement an effective appeals process for coverage determination and claims decision. The process must comply with certain state and national guidelines.

Rocky Mountain Health Plans on Appeals Processes

Our Members have had access to an effective appeals process which we think will be closely aligned with the requirements of health care reform. Currently, we are working with legal counsel to review all steps of our process and ensure it complies with the state and national models listed in the new law. If changes are required, they will be made.

Emergency Services

Beginning October 1, 2010, coverage of visits to an emergency room of a hospital must be provided without pre-authorization and regardless of whether the facility is a participating provider. Cost sharing is also limited.

Rocky Mountain Health Plans on Emergency Services

This coverage is already included in all Rocky Mountain Health Plans individual and group plans.

Extension of Dependent Coverage to Age 26

For health plan contracts beginning October 1, 2010, the law requires health care coverage for adult dependent children, married and unmarried, until age 26. It does not require coverage for children of dependents.

Rocky Mountain Health Plans on Extension of Dependent Coverage to Age 26

Effective immediately, Rocky Mountain Health Plans is extending our current eligibility criteria for dependent coverage, up to age 26, for new and existing Members. Large employer groups will continue to have the option of making this eligibility change.

On October 1, 2010, we will extend health coverage to dependents up to age 26 in accordance with the requirements of the new law. Large employers have the option to implement October 1, 2010, or wait until their anniversary.

Access to OB/GYN Physicians

The New Law: Beginning October 1, 2010, health plan Members who are required to designate a Primary Care Physician (PCP) must be allowed to see a participating Obstetrics/Gynecologist without pre-authorization or a referral.

Rocky Mountain Health Plans on Access to OB/GYN Physicians

At Rocky Mountain Health Plans, this access is already included in all individual and group plans. No referral or pre-authorization requirements exist for access to these providers.

Additionally, any Rocky Mountain Health Plans participating OB/GYN who chooses to be a PCP can be selected as a PCP.

Beginning July 1, 2010, Rocky Mountain Health Plans Members on SOLO and commercial group plans will enjoy the lower PCP co-payment when they see a participating OB/GYN, regardless of their designated PCP.

Rescissions

Beginning October 1, 2010, covered individuals may not be cancelled by the health plan, except for fraud. This provision does not prohibit a health plan from cancelling a contract due to non-payment of premium.

Rocky Mountain Health Plans on Rescissions

This is the current practice at Rocky Mountain Health Plans for all individual and group plans.

No Pre-Existing Condition Waiting Periods

Beginning October 1, 2010, health plans are prohibited from imposing any pre-existing condition exclusions or waiting periods for children, up to age 19, who are enrolled in a group health plan. This means coverage for any specific health condition will not be delayed for new Members, under age 19. There is disagreement on the interpretation of this provision, which has been argued to mean guaranteed enrollment of children up to age 19. The Secretary as well as congressmen have come out very strongly in support of guaranteed enrollment. However, clarifying regulation has yet to be provided.

Rocky Mountain Health Plans on No Pre-Existing Condition Waiting Periods

We will eliminate all pre-existing waiting periods for children up to age 19 on October 1, 2010, and comply with any future directives provided by the Secretary.

Prohibition of Discrimination by Employer

Employer groups effective or renewing on or after October 1, 2010, may not establish eligibility rules for any full time employees that are based on the total hourly or annual salary of the employee. Additionally, an employer group may not establish rules that discriminate in favor of higher wage employees.

Rocky Mountain Health Plans on Prohibition of Discrimination by Employer

We will be helping our employer groups understand the requirements of the law which applies to all non-grandfathered group plans that renew on or after October 1, 2010.

Lifetime Limits

The New Law: Certain health care services are considered to be *Essential Benefits*. Specifics regarding Essential Benefits will be defined by The Department of Health and Human Services. Beginning October 1, 2010, group health plans may not establish **lifetime** coverage limits on the dollar value for the coverage of Essential Benefits, per Member. Lifetime maximums are allowed for coverage of Non-Essential Benefits.

Rocky Mountain Health Plans on Lifetime Limits

Rocky Mountain Health Plans will modify our SOLO and Group PPO plans to comply with this Lifetime Limits requirement, effective October 1, 2010, once we receive clarification on Essential Benefits.

Coverage of Preventive Care

Beginning October 1, 2010, the new law requires group and individual health plans to provide coverage, without any Member cost sharing, for:

- Health care services that received an “A” or a “B” (recommended) grade from the U.S. Preventive Services Task Force.
- Immunizations recommended by The Centers for Disease Control and Prevention.
- Evidence-based preventive care screenings for women, infants, children, and adolescents supported by the Health Resources and Services Administration.

Rocky Mountain Health Plans on Coverage of Preventive Care

We will be in full compliance with these requirements on October 1, 2010.

Annual Maximums

Essential Benefits will be required to be included in all benefit plans, without **annual** limits, beginning January 2014. Prior to that date, health plans may impose reasonable annual limits, per Member, on the dollar value for the coverage of Essential Benefits. The annual limits for Essential benefits prior to 2014 will be approved by the federal government.

Rocky Mountain Health Plans on Annual Maximums

The Department of Health and Human Services will not only specify which benefits are Essential Benefits, but will also specify the limits that will be allowed prior to 2014. Rocky Mountain Health Plans will implement any changes required after these issues are clarified.

Internet Portal

Requires the Secretary of Health and Human Services to create an Internet website. The site is to help individuals and employer groups gather information on health insurance coverage options and costs. Phase One of the website is expected to be released July 1, 2010, and will include the following health plan information:

- Medical plans available in the individual and small business markets
- Types of products offered (HMO/PPO/POS)
- Financial ratings of health plans
- Health plan contact information
- Links to provider networks, formulary and product descriptions

Phase Two is expected to be released on October 1, 2010, and will include detailed pricing and benefit information, including cost sharing, coverage limitations and exclusions. Beginning in 2011, the web portal will include:

- Performance Ratings
 - Percent of policies rescinded
 - Percent of claims denied
 - Number and nature of appeals
 - Medical loss ratio information
 - Eligibility criteria

Rocky Mountain Health Plans on Internet Portal

Rocky Mountain Health Plans has submitted the data required for Phase One implementation.

Future Deadlines

2011— Medical Loss Ratio Reporting

Beginning January 1, 2011, health plans are required to report claims and other expenses for individual and employer group plans. If medical loss ratios are less than 80 percent for individuals and small employer groups and less than 85 percent for large groups, the health plan must rebate the difference.

2012 — Plain Language Documents

Beginning March 2012, health plans will issue standardized Summaries of Benefits and other coverage documents. Standards will be issued from the Secretary of Health and Human Services.

2014 — Exchanges Plans and More

Beginning January 1, 2014, each state is required to establish one or more *Health Insurance Exchanges*. The exchange will help individuals and small employer groups purchase health insurance through *Qualified Health Plans*.

Many other provisions, such as premium rate approval, requirements surrounding mental health coverage, wellness programs, and more will be come effective in 2014.