

Impact of Health Care Reform in 2010

A Guide to the 2010 Health Care Reform Provisions

Group Coverage

Health Care Reform 2010 Premium Impacts	
0% – 3%	Extension of Dependent Coverage
0% – 2.5%	Preventive Services
0% – 1.5%	Lifetime Limits
0% – 1.5%	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
No impact	Prohibition on Pre-existing Condition Exclusions for Kids
	Access to OB/GYNs
To be determined	Loss Ratio Standards
0% – 8%	Total
1% – 3%	Average



The Patient Protection and Affordable Care Act (PPACA) includes numerous 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 on group coverage 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. Generally, those groups impacted to a higher degree are those with lower benefit levels and those not previously covering certain benefits at the most comprehensive levels.

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

Applicability and Impact: Insured Group Plans

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

Insured Group Yes

Non-Grandfathered Plans

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

Insured Group Yes

Non-Grandfathered Plans

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

Insured Group Yes

Non-Grandfathered Plans

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

Insured Group No

Non-Grandfathered Plans

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

On August 31, Department of Health and Human Services (HHS) announced the first round of applicants accepted into the program. More than 150 Aetna plan sponsors were certified in this initial list and were scheduled to begin receiving reimbursements for employee claims. HHS is continuing to accept and review more applications in the order in which they are submitted.

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

Insured Group Yes*

Non-Grandfathered Plans

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

Insured Group Yes

Non-Grandfathered Plans

Insured Group Yes

Premium Impact: No anticipated impact

Loss Ratio Standards

Beginning on January 1, 2011, mandates that an annual rebate be provided 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

It permits states to establish higher percentages (for all markets) by regulation.

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

Grandfathered Plans

Insured Group Yes

Non-Grandfathered Plans

Insured Group Yes

Premium Impact: To be determined

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

Insured Group Yes

Non-Grandfathered Plans

Insured Group Yes

Premium Impact: No anticipated impact

*Until 2014 not required for dependents who are eligible for other employer coverage.

Appeals Process

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

[Section 2719 of H.R. 3590]

Grandfathered Plan

Insured Group No

Non-Grandfathered Plans

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

Insured Group No

Non-Grandfathered Plans

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

Insured Group No

Non-Grandfathered Plans

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

Insured Group No

Non-Grandfathered Plans

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

Insured Group Yes

Non-Grandfathered Plans

Insured Group Yes

Premium Impact: No anticipated impact for group plans.