



# Implications of the 2010 Healthcare Bill on Self-Funded Plans



# Overview

**Consumer Protections Affecting Employer-Sponsored Health Plans**

**Reporting, Disclosure and Administration**

**Employer Fees, Compliance & Obstacles**

**Wellness Incentives and Co-Ops**

**Reports on Self-Insurance**

**SIIA Successes in the Past Year**



## Reforms Effective in 6 Months

- Prohibition of Lifetime Limits
- Prohibition of Annual Limits on Non-Essential Benefits
- Coverage of Dependents up to Age 26
  - Except Dependents with Access to ESHC Until 2014 (Grandfather)
- Prohibition of Rescissions
- No Denial for Pre-ex
  - Children under 19 – All in 2014
- Prohibition of Waiting Periods Over 90 Days
  - Applicable in 2014



# Commercial Plans & Non-Grandfathered Plans

- Provisions applying to Commercial Insurers:
  - Prohibiting Discrimination Based on Salary
  - Minimum Loss Ratio
  - Rating Rules
- Provisions applying to Non-Grandfathered Plans
  - Coverage of Preventive Health Services Without Cost-Share
  - Choice of Providers
  - Must Cover Clinical Trials for Certain Diseases
  - Implementation of External Appeals Process
  - Transparency Disclosure – Claims and Rating Policies



# Reporting, Disclosure & Admin

- Explanation of Coverage
  - Models Developed in 3/2011 – Implementation 2012
  - Plans must use Fed Explanation of Coverage Docs
    - ✦ Uniform definitions of standard insurance and medical terms
    - ✦ Cost-sharing exceptions, reductions and limitations on coverage
    - ✦ Provide common benefits scenarios
  
- Notice Requirements for Employees
  - March 2013
  - Info on State Exchanges and Free Choice Vouchers
  - If –er Coverage is Below 60%
  - Availability of Tax Credits



# Reporting, Disclosure & Admin

- Individual Mandates
  - W-2 Reporting in 2011
  - Beginning in 2014 – Reporting to Enforce Mandate
  - Availability of Coverage for Employees
  - Length of Waiting Periods
  - Lowest Cost Option
- Auto Enrollment
  - Effective Date Unclear
  - Employers over 200 ees must Auto Enroll
  - Must Provide Adequate Notice to Opt Out



# Employer Fees & Compliance

- Large Employers Offering Coverage
  - Effective 2014
  - \$3,000 for Each Employee Receiving “Premium Assistance”
- Large That Does Not Offer Coverage
  - \$2,000 Per Full-time Employee
  - Can Deduct First 30 Employees from Calculation
- Free Choice Vouchers
  - Voucher Equal to Employer Contribution
  - Purchase Coverage in Exchange
  - Employee Pockets Difference
  - Eligibility:  $<400\%$  FPL & Contributes  $8\% < X < 9.5\%$



# Tax and Fees on Self-Insured Plans

- Fees on Self-Insured Plans
  - Plans Ending 9/30/12
  - \$1 Per Covered Life in 2013 (\$2 per Life in 2014)
  - 2015 – 2019: Previous Fee + (Previous x % Change in National Health Expenditure)
- Excise Tax on Generous Plans
  - Effective in 2018
  - 40% Tax on Coverage Above the Following Thresholds:
    - ✦ \$10,200 for single coverage; \$27,500 for family coverage
- TPA and Stop-Loss Assessments
  - Temp Reinsurance Program: 2014 – 2016 – TPAs TBD
  - High Risk Pools: June 2010 - 2014



# Problems for Employer Risk Pools

- Health Insurance Exchange Subsidies
  - Plan Covers Less Than 60% of Costs; and
  - Premium Exceeds 9.5% of Total Income; and
  - Income < 400% FPL
- Young Invincible Catastrophic Plan
  - Under the Age of 30
  - Coverage is Unaffordable
  - Plan Must:
    - Cover Essential Health Benefits
    - Cover at Least 3 Primary Care Visits
    - Require Cost-Sharing up to the HSA Out-of-Pocket Limits



# Incentives and Opportunities

- Prevention and Wellness
  - Beginning in 2014
  - Employer Premium Discount or Cost-Sharing Increased to 30%
  - HHS Discretion to Raise to 50%
  
- Formation of Co-Ops
  - Beginning in 2014
  - Fed Loans and Grants Available to Form Co-Ops (July 2013)
    - ✦ Organized Under State Law as Non-Profit, Member-Run
  - Encouraged to Enter into Collective Purchasing Agreements



# Annual Reports on Self-Insured Plans

- DOL Report on Self-Insured Plans
  - Report Due March 2011
  - Info From IRS/DOL Form 5500
    - ✦ Plan Type, Benefit Arrangement, Financial Filings
  - Sent to Relevant Committees
- Study on Large Group Market
  - Compare Characteristics of Employer Health Plans
  - Analysis of Adverse Selection
  - Why Self-Insurance Can Offer Cheaper Coverage
    - ✦ Efficient Admin or Denial of Claims
  - Claim Denials and Coverage Changes in Relation to Economy



## SIIA's Success Efforts During Healthcare Reform Debate

- Elimination of Government-Run Health Plan Proposal
- Removal of Prohibition on Self-Insuring Based on Group Size
- Removal of Assessments on TPAs
- Continuation of the Employer-Based System:
- ERISA Waivers
- Creation of Cooperatives
- Protecting Self-Insured Plans for Regulations Meant for Insurance Companies