STRATEGIC HEALTH CARE

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KEY PROVIDER ISSUES IN HEALTH CARE REFORM

June 2010

SELECT PATIENT PROVISIONS

The Patient Protection and Affordable Care Act of 2010 (PPACA) includes a number of new provisions directly impacting patients, including new insurance regulations and health insurance coverage expansion.

Insurance Market Reforms

Lifetime Caps and Annual Limits: Beginning September 23, 2010, all new individual market plans and all employer plans are prohibited from using lifetime limits in issued or renewed policies. Over the next three years, the law will phase out and then ban the use of annual dollar limits in 2014. Plans issued or renewed beginning September 23, 2010, will be allowed to set annual limits no lower than $750,000. The two subsequent years will see a rise in the annual dollar limit to $1.25 million (2011) and $2 million (2012).

Out-of-pocket Cost and Deductibles: Beginning in 2014, the new law will limit the amount insurance companies can require policyholders to pay in out-of-pocket expenses such as co-payments and deductibles. Limits will be instituted on out-of-pocket expenses for policyholders with incomes up to 400 percent of the Federal Poverty Level (FPL). The limits will be based on the following scale.

Percent of FPL	Individual	Family
100-200	$1,983	$3,967
200-300	$2,975	$5,950
300-400	$3,987	$7,973

Additionally, deductibles for policyholders in the small group market will be limited to $2,000 for individuals and $4,000 for families unless contributions are offered to offset deductible amounts above these limits.

Rating Reforms: No later than 2014, the new law requires insurance providers to allow individuals to enroll in a health plan regardless of health, age, gender, and other factors. Premiums may only vary by age (maximum of a 3 to 1 ratio), tobacco use (maximum of 1.5 to 1 ratio), geographic rating area, and whether the policy is for an individual or family. Premium restrictions apply to non-grandfathered, fully-insured small group and individual plans along with fully insured large group plans on the insurance Exchanges.

Insurance Coverage Reforms

Elimination of Pre-existing Conditions: Within six months of enactment, insurance providers will be prohibited from denying coverage to children based on pre-existing conditions. This ban includes both benefit limitations and coverage denials. Beginning in 2014, these protections will apply to all health insurance policies except for policies that maintain grandfathered status. Currently, input is being solicited on this provision. The interim rule and comments on the rule can be found HERE.

Expansion of Mental Health Coverage: Under the new law, mental health and substance abuse services must be included under an insurance provider's essential benefits package in order to operate on the Exchange.

For information, visit www.strategichealthcare.net, or contact Marian Lowe, Partner, Strategic Health Care, at 202-266-2606 or at *marian.lowe@shcare.net*.

Waiver of Copayments under Medicare, Medicaid & Commercial Insurance: The law eliminates patient's out-of-pocket liability for certain preventive services recommended by the U.S. Preventive Services Task Force with a Grade A or B, including mammograms and colorectal cancer screenings.

Coverage of Clinical Trials: Beginning in 2014, commercial health insurance plans will be required to cover the costs associated with participation in clinical trials that are approved or funded by the federal government.