



Expected Changes Effective 2010

As health insurance professionals, it is our job to ensure that our customers and employer groups have access to an array of health insurance options. It is also our responsibility to keep our clients updated and informed on all aspects of the newly enacted Patient Protection and Affordable Care Act (PPACA) and their impact on the client's business. This is no easy task with the on-going implementation of the provisions within PPACA. Health care reform has created a mass of confusion for both insurance professionals and your clients.

The time-line of implementation has created an equal amount of confusion all on its own. Generally speaking, much of health care reform is not effective until 2014; however, there are a number of reforms that are effective for plan years that begin on or after six months after the enactment date. We thought it would be helpful to provide you with a recap of the 2010 provisions.

With the recent passage of the NAIC's resolution reaffirming the important role that licensed health insurance agents and brokers play in our nation's health care delivery system, we have passed one hurdle and it's now on to the next.

At this point, the "bill" is only one part of the set of federal and state mandates, rules and regulations that will be written in over the next several weeks and months. Although we don't know the exact implications of all the provisions of PPACA, what we do know is the journey to a new health care system has begun.

This Legislative Alert is intended to provide you with a recap of the 2010 provisions of the bill.

Purpose of Reform

The overall intended purpose of the PPACA is to improve the U.S. health care system by expanding coverage, improving quality of care, reforming government programs, reducing costs, increasing focus on wellness/prevention and reforming the payment and delivery systems.

2010 Health Care Reform Summary of the PPACA, as amended by the Health Care and Education Reform Act

- An End to Pre-Existing Conditions
 - Health Insurers cannot deny children health insurance because of pre-existing conditions. A ban on adult discrimination will take effect in 2014.
- Small Business Tax Credits
 - Businesses with fewer than 50 employees will get tax credits covering up to 50 percent of employee premiums.
- Seniors Receive 'Donut Hole' Rebate
 - Seniors will receive a rebate to fill the 'donut hole' in Medicare drug coverage, which severely limits prescription medication coverage expenditures over \$2,700. As of next year, 50 percent of the donut hole will be filled.
- Transparency in Insurance Companies
 - Insurers must now reveal how much money is spent on overhead.
- Customer Appeals Process
 - Any new plan must now implement an appeals process for coverage

- determinations and claims.
- Indoor Tanning Services Tax
 - This tax will impose a 10 percent tax on indoor tanning services. This tax replaced the proposed tax on cosmetic surgery, effective for services on or after July 1, 2010.
- Enhanced Fraud Abuse Checks
 - New screening procedures will be implemented to help eliminate health insurance fraud and waste.
- Medicare Expansion to Rural Areas
 - Medicare payment protections will be extended to small rural hospitals and other health care facilities that have a small number of Medicare patients.
- Deductions for Blue Cross Blue Shield
 - Nonprofit Blue Cross organizations will be required to maintain a medical loss ratio (MLR) – money spent on procedures over money incoming.
- Nutrient Content Disclosure
 - Chain restaurants will be required to provide a nutrient content disclosure statement alongside their items. Expect to see calories listed on both in-store and drive-through menus of fast food restaurants soon.
- Better Coverage for Early Retirees
 - The bill establishes a temporary program for companies that provide early health benefits for those ages 55-64 in order to help reduce the often expensive cost of that coverage.
- Better Consumer Information on the Web
 - The Secretary of Health and Human Services (HHS) will set up a new website to make it easier for Americans in any state to seek out affordable health insurance options.
- Encouraging Investment in New Therapies
 - A two year temporary credit (up to a maximum of \$1 billion) is in the bill to encourage investment in new therapies for the prevention and treatment of diseases.
- Break Time for Nursing Mothers
 - Requires employers to furnish reasonable break times for nursing mothers for up to one year after the child's birth.
- Cost-sharing obligations for preventive services are prohibited.
- Coverage for emergency services at in-network cost-sharing level with no prior authorization is mandated.
- Group Plans IRC Section 105(h) Rules
 - Group plans will be required to comply with the IRC section 105(h) rules that prohibit discrimination in favor of highly compensated individuals. These rules apply to both self-funded and fully-insured plans.
- Wellness Grants for Small Employers
 - Small employers seeking to implement wellness programs can now access federal grant money.

Grandfathered Plans

- More Young Adults Covered on Parents' Plans
 - The cut-off age for young adults to continue to be covered by their parents' health insurance rises to the age of 27.
- No Lifetime Caps
 - Lifetime caps on the amount of insurance an individual can have will be banned. Annual caps will be limited, and banned in 2014.
- Adults with Pre-Existing Conditions Covered
 - A temporary high-risk pool will be set up to cover adults with pre-existing conditions. Health care exchanges will eliminate the program in 2014.
- New Insurance Plans Must Include Preventive Care
 - New plans must cover checkups and other preventive care without co-pays. ALL plans will be affected by 2018.
- The End of 'Rescissions'
 - Insurance companies can no longer cancel policies when an individual gets sick.

As you can see, there are many changes that have already taken effect and many more to come by the end of 2010. Through this timeline, we hope you gain knowledgeable information that will help prepare you and your clients for these future changes.

In order for you to conveniently share this information with your clients, please view the fillable document, [Expected Changes Effective 2010](#).

Please visit www.BenefitMall.com to view past Legislative Alerts in the "Newsroom"

section. Or, you may visit www.HealthcareExchange.com for blog posts, polls, surveys and numerous resources. If you have any questions, please contact your local BenefitMall Sales Team and they will be happy to assist you. Thank you for taking the time to read through this important notification.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Gomes", with a long horizontal flourish extending to the right.

Michael Gomes
Executive Vice President

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