HEALTH CARE REFORM
Focus on Group Coverage
Current Insurance Coverage Environment

Minnesota

- Employer: 57%
- Individual: 6%
- Medicaid: 14%
- Medicare: 13%
- Other Public: 1%
- Uninsured: 9%

United States

- Employer: 50%
- Individual: 5%
- Medicaid: 16%
- Medicare: 12%
- Other Public: 1%
- Uninsured: 16%

Patient Protection and Affordable Care Act

• Also known as the ACA, PPACA. Signed into law March 23, 2010
• The ACA had five major areas of impact (from healthcare.gov)
  • Rights and Protection
  • Insurance Choices
  • Insurance Costs
  • 65 and Older
  • Employers
• Focus of this presentation will be on ACA impact on group health coverage in Minnesota. Many other changes are also in the ACA

The Purpose of the ACA is to ensure “Quality, affordable healthcare for all Americans.”. From section 1, title 1 of the Affordable Care Act.
Grandfather Provision

- Enables a group plan to delay certain mandated provisions held in the ACA
- Plan benefit provisions created before March 23, 2010 and designated as grandfathered.
- Plans or policies may lose their grandfathered status if they make certain significant changes that reduce benefits or significantly increase costs to consumers.
- A health plan must disclose in its plan materials whether it considers itself to be a grandfathered plan
- 15% of Service Cooperative groups with Blue Cross are still grandfathered.
Team of Guides

Minnesota Service Cooperatives & Blue Cross Blue Shield

- Mandated coverage items
- Summary of Benefit Coverage
- Actuarial value

Tax Expert

- W-2 tax form update in 2012
- Affordable coverage calculation

Legal Advisor

- Nondiscrimination Rules (delayed)

Broker or Agent

- Pay or Play advise
Provisions Enacted September 23, 2010

- Young adults are able to stay on parent’s plan to age 26.
  - Was age 25 in Minnesota prior to 9/23
  - For fully insured and Service Cooperative renewals, Blue Cross adjusted historical claims up .35% for 2010 and .2% for 2011 for the 2012 renewal calculations
- Preventive Care available without member out of pocket cost
  - Group cost impact depended on prior coverage for preventive
- 9/23, Insurance companies cannot rescind coverage to individuals
- New ability and process for appealing insurance decisions
- Eliminating lifetime coverage limits for essential benefits
- Restrictions on annual coverage limits
- No pre-existing condition limitations for children under 19
2011 Changes

• Minimum Loss Ratio. At least 85% of fully insured insurance premium dollars need to be spent on health care services and quality improvement
  • Minnesota Service Cooperative plans are Self Insured
• Early Retiree Assistance Program (ERRP) Federal assistance for 55 to 64 year old members in group plans.
  • Funding ended in 2012
  • Blue Cross offered assistance with group applications
• Early Medicaid Expansion in Minnesota, March 2011.
  • Estimated 84,000 Minnesota residents benefited from extending Medicaid for childless adults up to 75% of Federal poverty level
2012 Changes

• 1/12  Federal Government provides incentives for physicians to join together into Accountable Care Organizations.
  • Blue Cross holds 10 new Accountable Care based provider system agreement contracts
• 8/12 Women’s Preventive Health paid at 100%
  • Additional guidelines for 8 women’s health services
  • Added .5% rating impact
• 9/23. Summary of Benefit and Coverage (SBC) required to assist members in understanding coverage.
• New W2 tax form reporting for 2012 employer paid amounts for health insurance coverage
2013 Changes

• March, Employer notification to employees on availability of the Exchange and availability of premium tax credit
• $2500 limitation on employee contributions to health flexible spending accounts
• October, MN Exchange enrollment system is scheduled to open for 1/14 effective coverage
• State Legislators to consider Federal funding assistance to States that expand Medicaid to individual’s with income up to 133% of Federal poverty level
  • Estimated to impact 140,000 Minnesotans
• Private Exchange options are available including the MN Service Cooperative’s customized private exchange
2014 Changes

• January 1, Minnesota Public Exchange opens
• Individuals who can afford it will be required to obtain basic health insurance coverage or pay a fee
• Elimination of annual dollar limits on coverage
• Increasing small business health insurance tax credit
• Essential Health Benefits. All individual and small group products inside and outside the exchange must cover EHB at their 2014 renewal date
• Groups under 50 lives in or outside Exchange required to offer metal level plans.
• “Play or Pay”
  • Does not apply to employers with < 50 FTEs
  • Details on next slide
Health Insurance Exchange

• Minnesota is one of 18 States moving to develop a state based exchange
• MN Exchange Advisory Task Force
  • 11 work groups operating under a Task Force
  • Recommendations from workgroups in late 2012
• Enrollment and plan choice set to open October of 2013 for a 1/1/14 start of coverage
• Two different Exchange options
  • Individual coverage
  • SHOP for employees with < 50 employees in 2014, moving to up to 100 in 2016 (potentially moving to 100 in 2015)
Additional Details for the State or Public Exchange

• Web-based marketplace for individuals and small employers to purchase coverage with user capabilities:
  • Toll-free call center
  • In-person assistance via Navigators to guide consumers
  • Compare available coverage options across carriers
  • Select & apply for a coverage option
• Gain access to affordability programs, including:
  • State public programs (e.g.: PMAP, MNCare)
  • Subsidies available to eligible individuals based on income level
  • Tax credits will be available to eligible small businesses
• Draft version of MN exchange available at www.ux2014.org/rp/
Taxes and Fees

Patient Centered Outcomes Research Fee, 2013
  • $2.00 per life per year.
  • Expires 2019

Insurer Fee, 2014
  • Applies to fully insured and stop loss premium
  • Estimated at 1.9% of premium

Reinsurance Fee, 2014.
  • $63 per life per year, expiring in 2017

Minnesota Exchange Fee, to be determined.
  • Expected to apply to fully insured plans

Excise Tax, or “Cadillac Tax”, 2018.
  • Set at 40% of benefits exceeding annual limit values.
Government Led Benefit Changes

• Different types of assistance offered through Exchange
  • Tax Credits
  • Cost Sharing Subsidies

• 2013 Minnesota Legislation to consider expanding Medicaid eligibility for individuals earning up to $133% of Federal Poverty Level (FPL)
  • Federal Government will fund the cost of increasing this benefit level until 2016, then gradually decrease down to 90% starting in 2022

• At Federal Level, Medicare eligibility and benefits are continually being reconsidered.
Subsidies and Tax Credits

Subsidy

• Enrollee in Exchange pays less in copayments, co-insurance and deductibles.
• Individuals and families earning up to 250 percent of FPL — about $27,925 for an individual and $57,625 for a family of four in 2012 — will be eligible for cost sharing subsidies.

Tax Credits

• Advanceable, meaning do not need to wait until tax time.
• Minnesotans earning between 133 percent and 400 percent of the FPL may be eligible for tax credits to help pay for health coverage through an Exchange. In 2012, that would mean individuals earning between $14,856 and $44,680 per year and a family of four earning between $30,656 and $92,200 per year would be eligible.
“Pay or Play”
Group Decides to Pay

If employer has 50+ full-time employees and offers no coverage, the penalty is $2,000 per employee per year ($166.67 per month), if any employee receives a subsidy in the exchange, minus the first 30 employees.

- Full time means over 30 hours per week or 130 hours per month
- Part-time employees calculated by taking the hours worked by part-time employees in a month divided by 120
- Seasonal employees not counted if working less than 120 days a calendar year
“Pay or Play”
Group Decides to Play

Coverage needs to:
• Be affordable
• Include Essential Benefit coverage

Unaffordable means the employee portion $>9.5\%$ of income or coverage doesn’t meet minimum value
• Income = W2 Box 1
• 9.5\% affordability test applied only on lowest cost plan
• Based on single coverage
• Coverage minimum value = 60\% actuarial value.

Potential annual penalty of $3000$ per FTE if eligible individual receives subsidy through tax credit with Exchange coverage.
Resources for Additional Information

healthcare.gov
Federal website with details and descriptions for every part of the Health Reform legislation

healthreform.mn.gov
Official site for health reform information for Minnesota

healthreform.kff.org
Kaiser Family Foundation site. Provides news, research and analysis about health care reform in the U.S.