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CAROLINA CARE PLAN | CONSUMERS LIFE

# Healthcare re-FORUM



## Individual and Group Market Reforms

**Welcome to our second issue of *Healthcare Re-Forum*. In our first issue we defined "grandfathered plans" and provided key provisions of reform for grandfathered plans. In this issue we address reforms that apply to insurers and groups offering group or individual health insurance plans that have gone into effect after March 23, 2010 (non-grandfathered). The first five provisions also apply to grandfathered plans (plans in existence on or before March 23, 2010).**

These provisions are effective for plan years that begin on or after September 23, 2010.

1. Lifetime limits on the dollar value of essential benefits will be eliminated. Essential benefits will be defined by the Secretary of Health and Human Services (HHS).

2. Only "reasonable" annual dollar limits on essential benefits can be set. Medical Mutual currently has annual limits on certain benefits. We will adjust these limits when the Secretary of HHS issues the regulations.

3. Coverage may only be rescinded if an individual performs an act that constitutes fraud or makes an intentional misrepresentation of material.

   **FACT:** Medical Mutual does not rescind coverage unless we have a strong indication of fraud or intentional misrepresentation.

4. There can be no pre-existing exclusion for covered children under the age of 19.

5. Dependents up to age 26 may remain on their parent's coverage, unless the dependent has employer-based coverage available. Plans are not required to cover children of dependent children. Ohio enacted a similar provision in 2009 that takes effect on July 1, 2010. The Ohio law extends coverage to unmarried dependents to age 28. (We will provide greater detail about the dependent age provision in a future issue.)

6. The nondiscrimination provisions that apply to self-funded plans are now extended to fully insured plans. These provisions prohibit discrimination in favor of a highly compensated individual regarding eligibility and benefits provided by the plan. Compliance with this mandate occurs at the group level as opposed to the insurer level.



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7. A number of "patient protections" have been established around provider selection and approval of care. a) If a plan requires a participant to select a primary care provider, the plan must allow each participant to designate any in-network primary care provider who is accepting patients. b) No prior authorization is required for emergency care services, even if the services are out-of-network. No penalties can be applied to out-of-network emergency care. c) Parents are able to designate a network pediatrician as the primary care provider for a child if the plan requires a primary care provider. d) Women must be able to receive the care of a participating OB/GYN physician without a referral.

   **FACT:** Medical Mutual is already in compliance with these proposed patient protection reforms.

8. All plans must implement an effective internal appeal and external review process. The internal process must provide notice to the enrollees of both an internal and external claims appeal process. A plan will be in compliance with the appeals process if it follows the ERISA claims and appeals regulations. A plan must also comply with the state's external review process that meets the requirements of the National Association of Insurance Commissioners (NAIC) model law on external review. If a state does not have an external review requirement, or if the plan is self-insured, it must establish an external review process that complies with regulations issued by HHS.

   **FACT:** The current internal appeals process administered by Medical Mutual for all of its group customers is in compliance with the Department of Labor claims and appeals procedures.

9. Plans may not impose any cost-sharing requirements on preventive health services. This includes certain services that are included in the recommendations of the U.S. Preventive Services Task Force.

**Future Topics**:

- Early Retiree Reinsurance Pool
- Age of Dependent
- Small Business Tax Credits
- National High Risk Pool