

**SELECT PRIVATE INSURANCE REFORMS IN HEALTH REFORM**

	<b>PATIENT PROTECTION &amp; AFFORDABLE CARE ACT (AS AMENDED BY THE HEALTH CARE &amp; EDUCATION AFFORDABILITY RECONCILIATION ACT)</b>	<b>EFFECTIVE DATE</b>
<b>Annual &amp; Lifetime Caps on Benefits</b>	Eliminates lifetime limits for <b>individual and group</b> plans 6 mo. after enactment. Eliminates annual limits for <b>individual and group</b> plans in 2014. Prior to 2014, plans are permitted to impose “restricted” annual limits, to be defined by the Secretary.	Lifetime limits eliminated for <u>all plans</u> , new and grandfathered <sup>1</sup> , 6 months after enactment.  Annual limits eliminated for <u>new and grandfathered group plans</u> in 2014 (“restricted” annual limits through 2014).
<b>Dependant Coverage</b>	Requires group health plans and insurers offering <b>individual or group</b> plans that provide coverage of a beneficiary’s dependant children to make coverage available until the child turns 26, pursuant to regulations the Secretary of HHS must promulgate.	6 months after enactment, for <u>all plans</u> , new and grandfathered, unless a dependant in a grandfathered plan is eligible to enroll in employer-sponsored coverage.
<b>Discrimination Based on Health Status</b>	Prohibits an insurer offering <b>individual or group</b> plans from establishing eligibility rules based on health status-related factors, including health status, medical condition (mental or physical illness), claims experience, receipt of healthcare, medical history, genetic information, evidence of insurability (including conditions arising out of acts of domestic violence), disability, or any other health status-related factor as determined by the HHS Secretary.  Provides that employer wellness/disease prevention programs do not violate these provisions if certain conditions are met.	January 1, 2014, <u>except for grandfathered plans</u> .
<b>Guaranteed Issue and Renewability</b>	Insurers offering <b>individual or small group</b> plans in a State must accept every employer and individual that applies for coverage in the State. Insurers may restrict enrollment to open or special enrollment periods.  Requires insurers offering individual plans or small group plans to offer coverage on a guaranteed renewability basis.	January 1, 2014, <u>except for grandfathered plans</u> .

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<sup>1</sup> Grandfathered Plan: A group health plan or health insurance coverage in which an individual was enrolled on the date of enactment, including renewals, and coverage for family members and new employees (See Sec. 1251 of the Patient Protection and Affordable Care Act)

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<b>High Risk Insurance Pool</b>	<p>The HHS Secretary or eligible contracting entities must establish a qualified high risk pool that provides all eligible individuals coverage that does not impose any pre-existing conditions; provides coverage in which the issuer's share of the total allowed costs of benefits is not less than 65 percent; has an out-of-pocket limits not greater than the applicable amount described in Internal Revenue Code sec. 223(c)(2); has a premium rate that varies on the basis of age by a factor not greater than 4:1 and be established at a standard rate for a standard population.</p> <p>Eligible individuals are citizens or nationals of the U.S. who have not been covered under creditable coverage (as defined by the PHSA) during the 6-month period prior to the date on which such individual is applying for the pool, and has a pre-existing condition. Provides for protections against dumping risk by insurers.</p> <p>\$5 million in funding would be provided to subsidize premiums in the pool.</p>	<p>90 days after enactment, ending January 1, 2014.</p>
<b>Minimum Creditable Coverage</b>	<p>A health insurance issuer that offers coverage in the <b>individual or small group</b> market must include the essential health benefits package.</p> <p>The HHS Secretary shall define the essential health benefits, except that such benefits shall include at least the following services: ambulatory patient services, emergency services, hospitalization, maternity &amp; newborn care, mental health and substance use disorder services, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, and pediatric services, including oral and vision care.</p> <p>The Secretary shall ensure that such benefits reflect an appropriate balance, so that benefits are not unduly weighted toward any category; not make coverage decisions, determine reimbursement rates, establish incentive programs, or design benefits in ways that discriminate against individuals because of their age, disability, or expected length of life; take into account the health care needs of diverse segments of the population, including women, children, persons with disabilities, and other groups; ensure that benefits not be subject to denial to individuals against their wishes on the basis of the individual's age or expect length of</p>	<p>January 1, 2014 for individual or small group plans offered in the Exchange.</p> <p>January 1, 2014 for individual or small group plans offered outside the Exchange, <u>except for grandfathered plans</u>.</p> <p>Large group plans are exempt until they are offered through a State Exchange, which may begin in 2017.</p>

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	life or of the individual's present or predicted disability, degree of medical dependency, or quality of life; and coverage for emergency services will be provided without imposing prior authorization of services or any limitation subject to conditions.	
<b>Pre-existing Conditions</b>	Prohibits insurers offering <b>individual or group</b> plans from excluding coverage of pre-existing conditions.	6 months after enactment for enrollees under age 19; 2014 for enrollees over age 19 in new and grandfathered <i>group</i> plans.
<b>Premium Ratings</b>	<p>Allows insurers offering <b>individual or small group</b> plans to base premium rates only on: whether such plan or coverage covers an individual or family, age (3:1), tobacco use (1.5:1), and geographic area based on rating areas as defined by the state insurance commissioner and reviewed by the Secretary of HHS.</p> <p>If a State permits issuers that offer coverage in the large group market in the State to offer such coverage through the State Exchange, such plans will be subject to the premium rating rules.</p>	January 1, 2014, <u>except for grandfathered plans.</u>
<b>Preventive Services</b>	Insurers offering <b>individual and group</b> plans must provide coverage for, and not impose any cost-sharing requirements for services that have a rating of 'A' or 'B' in the current recommendations of the U.S. Preventive Services Task Force; immunizations that have a recommendation from the Advisory Committee on Immunization Practices of the CDC; and, with respect to infants, children, and adolescents, preventive care and screenings provided for in guidelines supported by the HRSA.	6 months after enactment, <u>except grandfathered plans.</u>
<b>Rescissions</b>	Prohibits rescission of a plan or coverage for <b>individual and group</b> insurance once an enrollee is covered under such plan or coverage, except in the case of fraud.	6 months after enactment for <u>all plans</u> , new and grandfathered.

## TIMETABLE | SELECT PRIVATE INSURANCE REFORMS

### **90 Days After Enactment**

- Establishes a high-risk insurance pool for individuals with pre-existing conditions

### **6 Months After Enactment**

- Prohibits rescissions in all plans
- Eliminates lifetime limits in all plans
- Prohibits cost-sharing for preventive services, as recommended by the USPSTF, the Advisory Committee on Immunization Practices, and the HRSA in new plans
- Requires dependant coverage through age 26 for all plans (except for grandfathered plans where the dependent is eligible for employer-based insurance)
- Prohibits pre-existing condition exclusion for individuals under 19 years old for all plans

### **2014**

- Eliminates annual limits for new and grandfathered group plans (“restricted” annual limits permitted through 2014)
- Prohibits pre-existing condition exclusion for individuals over 19 years old in new and grandfathered group plans
- Establishes premium ratings rules for new plans - small group or individual
- Requires guaranteed issue and renewability for new plans - small group or individual
- Prohibits discrimination based on health status for new plans
- Mandates essential health benefits for small group or individual plans offered in a State Exchange, or new plans - small group or individual - outside an Exchange

### **2017**

- Large group plans (except for self-insured plans) offered in a State Exchange must comply with mandated essential health benefits