

## 2014 PPACA Large Group Benefit Impacts

### Producer Communication #636

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#### Message

Beginning January 1, 2014, PPACA requirements for in-network (INN) out-of-pocket (OOP) limits, as well as how the limits are reached, will impact benefit designs for large groups (100+) as they renew. Additionally, recent clarification around essential benefits requires an analysis to be completed of any benefit where an annual benefit dollar limit may exist.

#### Details

##### OOP Limit

For large groups, beginning on or after January 1, 2014, all non-grandfathered groups (fully insured and ASO) must comply with regulations that limit member liability for INN services. Under PPACA, groups over 50 employees are considered large groups, our 2014 products for 51-99 (CBC mid-market) will meet these requirements. Specifically under this requirement, the following provisions must be met:

1. The OOP limit on INN services must not exceed \$6,350 for an individual and \$12,700 for a family
2. The OOP limit must include all member cost share (deductible, coinsurance, and copay) for medical services
3. Out of network (OON) OOP limits are not held to these requirements or calculation methods
4. Combined OOP (INN and OON) must meet the PPACA requirement limiting OOP responsibility to \$6,350 for an individual and \$12,700 for a family
5. Employer funding does not increase the OOP benefit limit. For example, it is not permissible to have a \$10,000 INN OOP individual limit and fund \$9,500 through an HRA.

The majority of CBC's existing large group (100+) customers do not currently accumulate either the deductible or copay toward the INN OOP max. The inclusion of the deductible and copays in the OOP max will result in benefit design changes for most of our large groups.

Groups that carve out mental health and substance abuse must include any member cost share dollars into the medical OOP max, which may not exceed \$6,350/\$12,700. Federal MH/SA parity legislation does not permit a separate OOP max that would apply only to MH/SA services. Existing groups that carve out MH/SA have been identified; FBS and Sales Implementation are coordinating the inclusion of these dollars into the medical OOP max for those groups. For new groups that wish to carve out MH/SA, please contact your CBC Sales Executive to coordinate the process.

The OOP limit regulations do not apply to senior only products.

##### Essential Benefits

As of October 1, 2010, PPACA prohibited annual or lifetime dollar limits on essential benefits. While CBC took efforts to define essential benefits and enforce the prohibition on limits, recent clarification has further defined essential benefit categories. As a result of this clarification, the following guidance is given on the classification (essential or non-essential) of the following non-exclusive benefit categories:

- a. Essential  
hospice, DME, transplant medical services, manipulation therapy, dental accident (stabilization only), prosthetics, home infusion
- b. Non-essential  
infertility, acupuncture, TMJ, orthotics\*, private duty nursing, hearing aids, wigs, sleep disorder, travel and transportation related to a transplant

At renewal, beginning January 1, 2014, annual or lifetime dollar limits on the essential benefits listed above must be removed for large groups that offer essential benefits. The prohibition on annual and lifetime dollar limits applies to all groups, fully insured and ASO, grandfathered and non-grandfathered.

Essential benefit regulations do not apply to senior only products. Large groups (51+) do not have to cover essential benefits but when they elect to cover them they must follow the regulations prohibiting dollar limits.

\*Orthotics was not identified as an EHB. However, CBC has designed the system to combine the prosthetics/orthotics max; therefore, the standard conversion for groups will be to remove the limit on both prosthetics and orthotics

## **Pre-Existing Conditions**

Currently, existing rules under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) permit group health plans to impose limited exclusions of coverage based upon a preexisting condition. PPACA prohibits group health plans from imposing any preexisting condition exclusions. This prohibition will be effective for plan and policy years beginning on or after January 1, 2014. This regulation applies to grandfathered and non-grandfathered fully insured and ASO group health plans.

## **Renewal Process**

### Small group

All small group (2-50) benefit offerings for 2014 will be compliant with the new regulations

### Mid-Market

All mid-market (51-99) benefit offerings for 2014 will be compliant with the new regulations. PPACA considers all groups with 51 or more employees a large group.

### Large group

Large group (100+) benefits must be analyzed at renewal to determine if the new regulations are satisfied. The following outlines the process that has been created to ensure groups renew with compliant benefits:

1. UW runs current benefits through its benefit tool to identify needed 2014 changes to OOP amounts, accumulation method, and essential benefits
2. CBC Sales is informed of identified changes and submits a quote request for all Medical/Rx plans
3. UW finalizes renewal and completes quote(s)
4. UW releases the renewal and quote to CBC Sales
5. CBC Sales reviews and shares with Producer and Customer Account

Groups that did not have an OOP limit in 2013 will have their INN OOP limit set at the maximum allowed in 2014 (\$6,350 individual and \$12,700 family).

### Alternate large group renewal option- OOP accumulation

# Producer Bulletin



CBC is now able to offer a benefit design that will be structured as follows:

- Deductible (if applicable)
- OOP max that accumulates just coinsurance
- Overall OOP max that ensures copay, coinsurance, and deductible together won't exceed set limit (max \$6350/\$12,700)

For example, a 2013 plan with \$2000 deductible and a \$1500 OOP would be set up as follows:

- \$2000 deductible
- \$1500 coinsurance OOP (2013 plans only accumulated coinsurance to the OOP)
- \$6350 Overall OOP max (coinsurance and copays accumulate and the limit is reduced by the deductible when set in the system)

The alternate OOP design should not be promoted as it is not the preferred method for converting our 2013 groups to be compliant with the 2014 PPACA regulations for the following reasons:

- EOB's do not display both OOP limits, only the overall OOP is displayed. We have requested an EOB change to accommodate multiple OOP limits but there is no date yet for completion
- Due to system limitations we cannot accumulate the deductible into the overall OOP max. The overall OOP max is reduced by the deductible when the limit is set in our system. This approach is fully PPACA compliant; however, it may be a confusing design to the member.

## **New Business**

Quotes for effective dates of January 1, 2014 and beyond must be compliant with the new regulations on OOP limits and essential benefits. Producers and CBC Sales should review all quote requests prior to submission to ensure they are compliant with the PPACA OOP limit requirements. Underwriting will reject quotes where INN OOP limits exceed \$6,350 individual and \$12,700 family. Additionally, annual and lifetime dollar limits on essential benefits will continue to be denied.

## **Questions**

Contact your Preferred Agency with any questions. Thank you.