Health Insurance Reform Discussion

Statewide Fun & Education Weekend

Hemophilia Foundation of Illinois
May 14th, 2011

Where We Are Today

Many specific details are yet to be determined by HHS through regulations or directives.

Illinois participating largely through NAIC with the development of HHS regulations and directives.

Illinois Law Pre-ACA

No restrictions on health insurance rate increases.

No requirement that health insurance rates to be actuarially justified.

No MLR Requirements.

Only HMOs having limits on Annual OOP Costs—Non HMOs could include deductibles and co-pays with no financial burden tests.

Rescissions allowed on an individual or family policy if a claim filed within two years of the policy issuance based on medical history investigation

KEY INSURANCE PROVISIONS OF ACA

Temporary high risk pool (PCIP) similar to ICHIP.

Reinsurance program for early retirees.

Creation of State-based Health Insurance Exchange.

Individual Mandate to purchase health insurance, with subsidies for some

Requires large employers to provide insurance coverage

Provides assistance for small employers to purchase insurance coverage.

ACA INSURANCE REFORMS THAT TOOK EFFECT ON 9-23-2010

Pre-existing condition exclusions prohibited for children up to age 19.

Rescissions prohibited (except for fraud or intentional misrepresentation).

Coverage of dependents up to age 26.

No lifetime benefit limits.

Benefits for preventive and wellness services required, with no cost-sharing.

Coverage for emergency services at in-network cost level—No PA required.

Beginning with 2011 Plan Year, MLR of 85% required for large plans and 80% for small/individual. Rebates to consumers required if MLR not met.

ACA INSURANCE REFORMS THAT TAKE EFFECT ON 1-1-14

Guaranteed issue of all group and individual health insurance plans. *i.e. can be no medical underwriting, no discrimination based on health status*.

Elimination of preexisting condition exclusions for everyone.

Rating restrictions (group and individual plans) : ratings may be based on age (3:1 limit), family make-up, geography, and tobacco use (1.5:1 limit).

Establishes Minimum Benefit Standards for small group and individual plans.

Small employer redefined broadly from 2-50 to 1-100 employees (by 2016).

No discrimination based on health status; insurers must cover routine care that would otherwise be covered—even for clinical trials.

INSURANCE REFORMS EFFECTIVE 1-1-14--CONTINUED

All plans sold are considered a single individual or small group risk pool for rating purposes.
Note: This includes plans sold both inside the Exchange and outside.

Annual limits on coverage are eliminated (HHS to determine exceptions).

Group plans limited to 90 day waiting period to join.

Deductibles in small market are limited to $2,000 for individual & $4,000 for families.

TAX CREDITS

Premium tax credits will be available to citizens and legal residents in families with incomes between 133% and 400% of poverty who purchase coverage through a state insurance Exchange.

The tax credit will be refundable (available to a person even if he or she has no tax liability) and advanceable (available at the time insurance is purchased rather than after an annual tax return is filed).

The tax credit varies based on a person’s income such that the premium the person will have to pay will not exceed a specified percentage of her income, from 2% for an income level up to 133% of FPL to 9.5% for an income level between 300% and 400% of FPL.

COST SHARING SUBSIDIES

Cost-sharing subsidies will be available to reduce out-of-pocket costs for families with incomes between 100% and 400% of poverty. These subsidies will reduce the maximum allowable out-of-pocket expenses allowed for plans sold on the exchange by:

•⅔for income levels between 100% and 200% of FPL;

•½ for income levels between 200% and 300% of FPL;

•⅓for income levels between 300% and 400% of FPL.

Additional cost-sharing subsidies will be available to reduce out-of-pocket costs for families with incomes at or below 250% of poverty. These subsidies will increase a health plan's share of total allowed costs of benefits provided under a plan to:•94% in the case of income levels between 100% and 150% of FPL;

•87% in the case of income levels between 150% and 200% of FPL;

•73% in the case of income levels between 200% and 250% of FPL.

Cost Sharing Subsidies Chart

% FPL		Premium Subsidy (% of income Cap)	Actuarial Value	OOP Maximum
<133		0%	100%	—
133–149		3%–4%	94%	$1,983
150–199		4%–6.3%	87%	$1,983
200–249		6.3%–8.05%	73%	$2,975
250–299		8.05%–9.5%	70%	$2,975
300–399		9.5%	70%	$3,967
≥400		—	60%	$5,950

THANK YOU!