


New Law Fact Sheet: Patient Protection & Affordable Care Act/Lifetime & Annual Limits; Update with Waiver Guidance

Item	Detail												
Background	<ul style="list-style-type: none"> Part of Health Care Reform; prohibited from applying limits to lifetime maximums and can have phased-in restricted limits for annual maximums This affects only essential benefits 												
Scope of Law	<ul style="list-style-type: none"> Applies to self-funded groups Applies to Grandfathered plans (Caution: There is a delayed effective date until 2014 for grandfathered plans in the individual market) 												
Highlights of the Law	<ul style="list-style-type: none"> Effective Date: September 23, 2010. Plans must comply no later than the beginning of the plan year beginning on or after September 23, 2010. Prohibits general annual limits on the dollar value with respect to essential benefits. However, allows for restricted benefits (shown below) <ul style="list-style-type: none"> Regulations for essential benefits aren't out yet, but on a preliminary basis, we know the following are included: <div style="margin-left: 20px;">  <p>Essential Benefits (preliminary)</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Ambulatory Services</th> <th>Emergency Services</th> <th>Hospitalization</th> <th>Maternity & Newborn</th> </tr> </thead> <tbody> <tr> <td>Mental Health & Substance Abuse</td> <td>Rx</td> <td>Rehab & Habilitative Services & Devices</td> <td>Lab</td> </tr> <tr> <td>Preventative</td> <td>Wellness</td> <td>Chronic & Disease Mgmt</td> <td>Pediatric Services includes oral & vision</td> </tr> </tbody> </table> </div> <ul style="list-style-type: none"> Must treat the definition of essential benefits consistently for both annual & lifetime benefits Non-essential benefits may still have annual or lifetime, per individual, dollar limits Plans can still exclude all benefits for a condition; therefore an exclusion of all benefits for a condition is not considered to be an annual or lifetime limit Does not apply to FSA, MSA or a stand-alone HRA plan that covers only retirees. An HRA that is integrated with a medical plan is deemed to have complied as long as the medical plan is in compliance with the regulation. Phased In Schedule for Annual Maximums <ul style="list-style-type: none"> \$750,000 for plan years on/after 9/23/2010 but before 9/23/2011; 	Ambulatory Services	Emergency Services	Hospitalization	Maternity & Newborn	Mental Health & Substance Abuse	Rx	Rehab & Habilitative Services & Devices	Lab	Preventative	Wellness	Chronic & Disease Mgmt	Pediatric Services includes oral & vision
Ambulatory Services	Emergency Services	Hospitalization	Maternity & Newborn										
Mental Health & Substance Abuse	Rx	Rehab & Habilitative Services & Devices	Lab										
Preventative	Wellness	Chronic & Disease Mgmt	Pediatric Services includes oral & vision										

New Law Fact Sheet: Patient Protection & Affordable Care Act/Lifetime & Annual Limits; Update with Waiver Guidance

	<ul style="list-style-type: none"> • \$1.25M for plan years on/after 9/23/2011 but before 9/23/2012; • \$2M for plan years on/after 9/23/2012 but before 1/1/2014 • Maximums apply on an individual by individual basis; amounts applied to families can not be allowed to deny a covered individual for the plan year • The maximums above are minimums; higher limits or no limits are permitted.
Grandfathered Status Disqualifications	<ul style="list-style-type: none"> • Does not impose overall annual or lifetime on March 23, 2010 but adds them • Imposes lifetime limit, but no annual limit on March 23, 2010 but adds them • Imposes lifetime limit but no annual limit on March 23, 2010 but adopts an overall annual limit that is lower than the lifetime limit on march 23, 21010
Notice Requirements	<ul style="list-style-type: none"> • Participants (subscriber or dependents) who reached a lifetime limit (and are otherwise still eligible) must be provided: <ul style="list-style-type: none"> • A notice stating that the lifetime limit no longer applies • Has to be issued no later than the 1st day the plan year begins on/after September 23, 2010
Special Enrollees	<ul style="list-style-type: none"> • The participants who receive notices must be treated as a special enrollee
Waiver for Limited Benefit or Mini-Med Plans	<ul style="list-style-type: none"> • Guidance was issued in 9/2010 re: the process for obtaining a waiver for <i>annual</i> dollar limits. • Recall, the notion is to not deny access to needed services and to have a minimal impact on premiums. • A waiver is allowed if the result is a significant decrease in access to benefits or a significant increase in premiums. • Clients seeking a waiver must apply to HHS (healthinsurance@hhs.gov) at least 30 days before the beginning of the plan year. For self funded clients, separate requests are required for each plan. • The following must be included in the application for a waiver: <ul style="list-style-type: none"> • The terms of the plan or policy for which the waiver is sought • The number of individuals covered • The annual limits and rates applicable • A brief description of why compliance with the interim final regulations would result in a significant increase in contributions paid by those covered by the plan or policy, along with any supporting documentation and

EBS-RMSCO
New Law & Impacts

New Law Fact Sheet: Patient Protection & Affordable Care Act/Lifetime & Annual Limits; Update with Waiver Guidance

	<ul style="list-style-type: none">• An attestation signed by the plan Administrator certifying that the plan was in place prior to Sept 23, 2010, and that the application of restricted limits to such plans or policies would result in a significant decrease in access to benefits for those currently covered, or a significant increase in contributions paid by those covered.• HHS will process complete waiver applications within 30 days of receipt.• There is no guidance around the definition of significant• If a waiver is granted, it is only applicable for 1 year. A new waiver would need to be submitted to continue the waiver beyond the first year.
Impact to Clients	<ul style="list-style-type: none">• Update SPD• Execute Notice<ul style="list-style-type: none">• EBS-RMSCO can generate a report for members who have reached their max, have disenrolled, and would otherwise be eligible• For clients we took over from another carrier- we can only execute the notice on their behalf for members where we have enrollment & accumulator history on from the previous carrier• Expect increase in stop loss rates