



REFORM update

Health Care Reforms that Kick in October 1, 2010

The Patient Protection and Affordable Care Act (PPACA) establishes new rules for preventive care benefits for new or renewing groups on or after September 23, 2010. The following highlights the mandated changes and their impact to WHA plans.

\$0 PREVENTIVE CARE

PPACA requires health plans to cover preventive care services, including those with an “A” or “B” recommendation from the U.S. Preventive Services Task Force, at no cost to the member, effective at each group’s renewal. Recognizing the value of \$0 preventive care services, WHA elected to implement this change at one time for all of our groups on October 1st – members do not have to wait until their group’s renewal to gain this benefit.

While the WHA HMO plans were already comprehensive, covering services such as well-baby visits and pre-natal maternity care at no cost, this enhancement adds \$0 annual physicals, well-woman visits and additional screenings, saving our members copayment costs on these important services.

New copayment summaries and the Preventive Services Covered without Cost-Sharing listing are posted on our website – under “For Employers” – for your reference and use. Members can access their new copayment summaries under Personal Access.

Please note that WHA’s election to change all benefit plans for \$0 preventive care does not jeopardize a group’s “grandfathering” status

under Health Care Reform. (See below for more information about grandfathered health plans.)

DEPENDENTS UP TO AGE 26

PPACA extends eligibility for dependents up to age 26 for new or renewing groups on or after September 23, 2010. Effective at the group renewal following this date, the group policy is subject to the new dependent age 26 mandate and this change constitutes a 30-day open enrollment for any dependents that are not currently enrolled. **You must provide a 30-day notice of this enrollment right to your employees no later than the first day of your renewing month.** Please see the enclosed sample disclosure.

Note: dependents who reside outside our service area are only eligible to participate in WHA plans if they are full-time students. **Once out-of-area dependents are no longer students, they are no longer eligible and must be terminated from the plan** (excluding dependents who are required to be covered under a qualified medical support order).

GRANDFATHERED HEALTH PLANS

Under PPACA, “grandfathered” plans have the ability to defer certain reforms. It is WHA’s objective to not jeopardize any such plan’s grandfathered status. The benefits to remaining “grandfathered” for group plans covered by WHA are very minimal or non-existent. Specific to WHA HMO plans, the following are key considerations for groups wishing to maintain grandfathered status:

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- WHA will not be tracking or administering a group's grandfathered (or non-grandfathered) status. It is up to the employer group to manage their status.
- If the group elects to be grandfathered, it is required that you provide the model disclosure every time WHA plan materials are distributed. A sample disclosure – for WHA members only – is attached.
- Dependents up to age 26 – a grandfathered plan is not required to extend coverage to a dependent up to age 26 if that dependent is eligible for another group-sponsored plan (other than through a parent). Again, WHA will leave this up to the employer group to administer. Under our Group Service Agreement, it is the employer's responsibility to furnish accurate and correct eligibility to WHA.
- Prior to the passage of PPACA, WHA initiated the move, at renewal, of those groups on our Prescription E to the Prescription H plan. This change constitutes a benefit downgrade, and under PPACA, could cause a group to lose its grandfathered status. Understanding this, WHA has reestablished the Prescription E plan for those groups with renewal dates of 4/1/10 – 12/1/10 who wish to return to or keep this plan in order to retain their grandfathered status.* If this applies to your group, please contact your broker or WHA Sales.
- PPACA prevents an employer from discriminating in favor of highly compensated employees – except for grandfathered health plans. Therefore, in order for an employer to

maintain a management carve-out, they must remain grandfathered. If an employer loses their grandfathered status (see list below), they must give up their management carve-outs.

The following is a brief list of actions that would cause a group to lose their grandfathered status:

- Eliminating benefits for a particular condition or a necessary element of coverage
- Increasing the coinsurance percentage
- Increasing the deductible (over medical inflation plus 15%) or the maximum out of pocket expense
- Increasing copayments (by the greater of medical inflation plus 15% or medical inflation plus \$5)
- Decreasing the employer contribution (by 5%)
- Adding or decreasing the overall annual dollar limit
- Moving to a new insurer

WHA is happy to answer any questions or concerns you have regarding health care reform and/or our response to it. Please feel free to call your broker or our Sales department directly if we can be of assistance.

* Note: the Rx E rates were filed only for groups with grandfathered status. This plan is not available to new or non-grandfathered groups.