

Health Care Reform Frequently Asked Questions

On March 21, 2010 the House passed the Patient Protection & Affordable Care Act (PPACA). This is typically called the “Senate Bill” because it passed the Senate in late December.

In addition to the passing of the “Senate Bill”, the house passed the Health Care & Education Affordability Reconciliation Bill of 2010 (HCEARA). This was intended to amend the approved “Senate Bill”. This typically is called the “Reconciliation Bill”.

So, like most Americans, you are asking what does this mean for me. While there is still much that is unclear, we want to advise you with what we know about the legislation now. Final regulations are due this summer which may or may not change the information that is available at this time. We will provide you with more detailed information as soon as it becomes available

When did these go into affect?

The “Senate Bill” was approved by the House and signed into law by President Obama on March 23, 2010. The “Reconciliation Bill” was approved by the House and signed into law by President Obama on March 30, 2010.

Does that mean that the changes mentioned are effective now?

No; the most immediate changes will be effective on the first day of the first plan year on or after September 23, 2010.

What does that mean for the group health plan offered by UDM?

Because your renewal is July 1 of each year; the immediate changes will go into effect July 1, 2011.

What are the immediate changes?

There are several but the one that seems to be talked about the most is that plans must now allow dependents to remain on their parent’s coverage through age 26.

What if my child is not a FT student; are they eligible?

Yes; under the new law your child does not have to be in school or be claimed as a dependent on your tax return to remain on the plan.

My child is 23 and married but has no other insurance; is she eligible?

Yes, the new law states that the child can be unmarried or married. The caveat is that you can not cover their spouse or children (if applicable).

If my child is now eligible, when can they be added to my coverage?

Under the UDM plan, your child would be eligible as of July 1, 2011 (this is the first plan year beginning on or after September 23, 2010).

Will the child’s coverage be subject to deductible and co-insurance?

Yes. All members on the contract are subject to the same deductible and co-insurance amounts as the subscriber.

How are pre-existing condition exclusions now being addressed?

The law will no longer allow the exclusion of pre-existing conditions starting with plan years beginning on or after January 1, 2014. Furthermore, for children under the age of 19, this provision will go into effect on the first day of the first plan year beginning on or after September, 23, 2010. Please note that the UDM health plans do not currently have a pre-existing condition exclusion.

Am I going to pay more because a member of my family has a pre-existing condition?

At this time, it remains unclear whether the rules allow insurers to charge higher premiums to families with children with pre-existing conditions.

Under our current plan, we have lifetime maximums; will this change?

Yes. Currently, under the UDM PPO plans, there is a \$1 million lifetime maximum per covered human organ transplant and \$5 million lifetime maximum per member for all other coverage. Under the new bill, life-time limits will be prohibited on some essential health benefits.

What are the essential health benefits for which lifetime limits will no longer be allowed?

Emergency services, hospitalization, ambulatory services, maternity and newborn care, mental health and substance abuse treatment, prescription drugs, rehabilitative services, laboratory services, preventive services and pediatric services.

Will that go into effect July 1, 2011 like the previous changes?

Yes, this change is effective as of the first day of the first plan year beginning on or after September 23, 2010; for UDM that means July 1, 2011.

What about Annual Limits?

After January 1, 2014, no annual dollar limits may be imposed. Until then, annual restrictions on the dollar value may be allowed by the Treasury Secretary, who will be ensuring that access to needed services has minimal impact on the cost of coverage.

I contribute to my Flexible Spending Account (FSA); are there any changes?

Yes. Effective January 1, 2011, the maximum over-the-counter (OTC) medications will no longer be eligible for reimbursement through your FSA. These are medications that you buy without a prescription: Children's Tylenol, Motrin, Cough Syrup, etc. After January 1, 2011, OTC medications will only be eligible for reimbursement if you have a prescription from your doctor.

Also, starting January 1, 2013; the Health FSA limit will be capped at \$2,500 per year.

How does this affect me?

You may want to adjust the amount of your initial FSA contribution since these medications will no longer be eligible for reimbursement through your account. Also, you may be required to reduce your current Health FSA election due to the limit change.

Are there any other changes I need to be aware of?

Yes. In 2014, there is going to be a state-based Exchange. Essentially, each state is required to establish an American Health Benefit Exchange (for individuals). Each exchange will be similar to a gateway or clearinghouse to help individuals "shop" for health coverage in a more efficient and comprehensive manner. The health plans that will be offered through the Exchange will have out-of-pocket maximums- a limit will be set on how much money you will spend out of pocket as a way to manage your costs.

Will this be available for my young adult-aged children as well?

Yes. And they will also be offering a "young invincible" option which will be available for individuals 30 and younger.

If you have additional questions, please contact the HR department at 313-993-1036; or our agent, Brown & Brown of Detroit at 586-977-6300.