



December 2, 2014

Deadline Extended for Reinsurance Fee Data Submission

Employers sponsoring self-funded health plans must pay a transitional reinsurance fee for everyone (i.e. employees, spouses and children) covered under the self-funded health plan. The deadline for submitting the census data to the government has been extended from November 15, 2014, to December 5, 2014.

<http://bit.ly/1y8LQ18>

This is becoming a common practice with the government where it issues rules and deadlines and then modifies the rules and/or extends the deadlines.

Private Exchanges – The Silver Bullet

As we get further into health care reform employers continue to look for ways to control costs. One thing that keeps popping up is the private exchanges. Conceptually, they may make sense. Ideally, the employer provides employees a set dollar amount and the employee goes to the private exchange and picks among various carriers the plans that best suits their individual circumstances. If you are considering participating in a private exchange you should read this article.

<http://bit.ly/1z8ninr>

<http://bit.ly/1B5qq7B>

To my way of thinking, a private exchange is only as good as the products. If a number of quality carriers offering good products are participating in the exchange, then it makes sense. On the other hand, if the products are not competitive, then the private exchange makes little sense to me.

Government Needs to Coordinate its Efforts

In my opinion, the government is doing a really poor job when it comes to enforcing the rules. I think few (if any) would argue the rules are easy to understand. Health care reform, for example, is one of the most complex pieces of legislation ever passed. What makes it more frustrating is the fact different government agencies are contradicting themselves. The policing of wellness programs is a prime example.

<http://bit.ly/1vJ6BhR>

Health care reform contains rules governing wellness programs. Employers are adopting wellness programs that comply with those rules and the programs pass muster with the Department of Labor. However the EEOC recently has filed several lawsuits against employers adopting these programs on the grounds that the wellness programs violate the ADA. The government needs to get its act together and speak with one voice.

Self-Funding Considerations

More employers continue to look at self-funding their medical plans. This trend is being driven, for the most part, because of health care reform. Self-funded health plans are exempt from some of health care reform's most onerous provisions. Most importantly, self-funded health plans are exempt from the community rating rules that will kick in for all small employers in 2017.

<http://brook.gs/1FJ0crf>

<http://bit.ly/1rNqErC>

We expect the carriers to develop products that make self-funding a viable option for smaller employers as we get closer to 2017. That is, traditionally self-funding only make sense for larger employers. However, the carriers are developing products that can make self-funding an attractive option for smaller employers.

<http://1.usa.gov/11IRBG8>

The Federal government is aware of this trend and recently released a report to Congress about its concerns regarding self-funded health plans.

Government Compliance Tool

The government has, for some time now, provided employers a compliance tool to determine if they are in compliance with various statutes. The government just released the updated version.

<http://1.usa.gov/1y3RX39>

It is pretty long (i.e. 67 pages) and pretty technical, which is not surprising. As a practical matter, most employers look to the carrier in the case of a fully insured health plan and the TPA if the plan is self-funded for compliance help.

Closing the Loopholes

The government continues to issue rules in response to the marketplace reaction to health care reform. Basically the private sector thinks of ways to comply with health care reform with the least amount of pain, and the government then issues rules invalidating those options. This article talks about (1) health plans that were considered quality plans but did not cover hospital and physician services (2) employers giving employees cash to buy individual health policies and (3) offering high claimant employees cash so they would buy coverage through the exchanges or marketplace rather than elect coverage under the employer's group health plan.

<http://bit.ly/1yBne0T>

<http://bit.ly/15Ms2pZ>

This government guidance is taking the form of frequently asked questions and answers. From a legal standpoint, this is a questionable practice. That is, there is no regulatory process involved with this type of guidance. The government just spits out the rules and that is that.

NAIC Issues Draft Rules Regarding Provider Networks

The National Association of Insurance Commissioners or NAIC issued draft rules addressing the adequacy of provider networks. This has become a sore spot of the regulators. Some carriers offer products on the health care exchanges or marketplaces that have very limited networks. The carriers are developing these products to increase the profit potential. That is, the products are more profitable for the carriers by limiting the network of providers.

<http://bit.ly/1z1bnwk>

The government is looking into this practice. What is happening is some individuals are giving up their employer-sponsored plans and getting subsidized coverage through the exchanges or marketplaces. They are selecting coverage with the same carrier and are thinking the products are identical only to find out that their doctor is not on the plan they got through the exchange or marketplace.

You Sleep, You Lose - Maybe

A lot of people signed up for health coverage through the exchanges or marketplaces and a majority of them received government subsidies to help pay for their coverage. It is really important for those people to compare plans during this open enrollment period (i.e. November 15, 2014, through February 15, 2015). The rules provide that if the person does nothing, he or she automatically is enrolled in the same plan.

<http://bit.ly/1y8N4tt>

It is important for individuals to note that the amount of their subsidies can change from year to year. So the person can end up paying much more for the same coverage because his or her subsidy is being reduced in 2015.

Flowchart Lovers, Rejoice!!

I know there are a number of you out there that love flowcharts. So I am including one that walks you through the employer mandate, also known as the play or pay rule.

<http://bit.ly/1yBnCwr>

Personally, I am not a big fan of flowcharts because they oversimplify things. However, they can be useful to gain a basic understanding of the issues. In other words, in my opinion, flowcharts are a starting point and not the end-all be-all.

Health Plan Appeals

Health plans, by definition, are complex. Claims often involve a lot of money and cover a variety of services. The actual claim can be very long and contain medical jargon so it is difficult, if not impossible, for the person to understand. So most people are at the mercy of the carrier or TPA when it comes to processing and paying the claim. The government has indicated that it will include claims adjudication as part of the audit process.

<http://bit.ly/1vZrGYB>

The government has indicated there is an inherent risk of error when it comes to processing health claims and the Department of Labor will audit health plans to ensure claims are being processed correctly and in a timely manner.