

Benefits Buzz

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DID YOU KNOW?

Dr. Jeffrey Kang, chief medical officer at CIGNA group, predicts that health care reform provisions will drive premium costs higher, due to three key features that will increase employer costs when they go into effect in 2011:

- Coverage of dependents up to age 26
- Coverage for all preventive services
- Elimination of lifetime maximums



Regulations Issued for Patient Protections

The Patient Protection and Affordable Care Act (PPACA) established several patient protection provisions. The Departments of Treasury, Labor, and Health and Human Services recently issued interim final rules regarding many of these provisions. The following applies to all health plans, including grandfathered plans:

- Preexisting condition exclusions are prohibited, both in terms of benefit and coverage limitations.
- Coverage can never be rescinded except in the case of fraud or intentional misrepresentation of material facts.
- Lifetime limits are prohibited for "essential health benefits." Good faith interpretation of what is an essential health benefit is allowed

until regulations are released to define the term.

- The following restricted annual limits are established for essential health benefits:
 - No less than \$750,000 beginning Sept. 23, 2010
 - No less than \$1.25 million beginning Sept. 23, 2011
 - No less than \$2 million beginning Sept. 23, 2012, but before Jan. 1, 2014

The regulations also impose three new requirements for all non-grandfathered health plans. These protections relate to the patient's choice of a health care provider and benefits for emergency services.

COBRA Subsidy No Longer Available

The American Recovery and Reinvestment Act (ARRA) allows for a COBRA premium reduction for eligible individuals who are involuntarily terminated through the end of May 2010.

Assistant Secretary of Labor Phyllis C. Borzi recently issued a statement regarding that COBRA subsidy. Unless the sunset date of May 31, 2010, is extended by Congress, individuals who lose their jobs now will not be eligible for the subsidy.

Any individuals who qualified on or before May 31, 2010, may continue to pay reduced premiums for the full 15-month period.