

Joint Informational Meeting
Board of Commissioners and County Council
May 18, 2010 – 5:00 pm

Carolyn Beck, Director – Evansville Operations SIHO Insurance Services, made a presentation to the commissioners and council members regarding the Patient Protection and Affordable Care Act (PPACA).

What the PPACA does immediately:

- Individuals and employer group plans may keep their current policy on a grandfathered basis if the only plan changes are to add or delete new employee/dependents or part of a collective bargaining agreement.
- There are a number of provisions that will be added as consumer protections during 2010.
- These changes will not impact grandfathered status but may increase cost.
- Temporary reinsurance program for employers that provide retiree health coverage for employees over age 55 and less than age 65 begins within 90 days of enactment (March 23, 2010). The program offers \$5 billion until money is gone. This is a first come first serve program.
- The program provides for plans offering early retiree coverage and provides assistance with claims that exceed \$15,000 and are less than \$90,000 per retiree. The program reimburses plan sponsors 80% of the cost of claims between the threshold cost limits.
- An application must be approved before the sponsor can begin receiving reinsurance payments. The application must show that the plan will have in place “programs and procedures that have generated or have the potential to generate cost-savings with respect to plan participants with chronic and high-cost conditions”; and the sponsor will:
 - Make available required information, data, documents and records;
 - Have a written agreement with its insurer or plan to disclose information to HHS as necessary for the operation of the program; and
 - Ensure that policies and procedures are in place to protect against fraud, waste and abuse.

The PPACA in 2010:

- Lifetime limits on the dollar value of benefits for any participant or beneficiary including grandfathered plans are prohibited for plan years beginning on or after 6 months after enactment.
- Spencer County Health Plan currently has a lifetime limit of \$2,000,000. Also listed are other lifetime limits that will need to be removed by your 8/1/2011 renewal.
 - Hospice Care \$4,000/30 days
 - Jaw Joint/TMJ \$1,000
- All Group and individual plans, including self-insured and grandfathered plans for plan years beginning on or after six months after date of enactment, (March 23, 2010), will have to cover dependents up to age 26.
- The reconciliation package:
 - Established that dependents could be married and would be eligible for the group health insurance income tax exclusion.
 - Established though 2014, grandfathered group plans would only have to cover dependents that do not have another source of employer-sponsored coverage.
- Adult Dependent Coverage:
 - Since the requirement takes effect for plan years beginning six months after date of enactment an example is provided: *If the parent is enrolled in a plan which begins 8/1/2010 then the earliest this would take effect for their qualifying adult child would be 8/1/2011.*
 - Per the regulations the county can wait to make the Adult Coverage effective at your first renewal after 6 months of enactment which would be August 1, 2011.

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- Note: Spencer County can opt to make this change earlier.
 - Date Options:
 - Effective date of 7/1/2010
 - Effective date of 8/1/2010
 - Effective date at open enrollment with effective date of 4/1/2011.
 - Data on dependents:
 - Dependent Census Report as of 5/17/2010: Age 19-23 – 18 dependents
 - August 1, 2008 – July 31, 2009: 10 dependents >20 incurred \$5,792.19 in claims
 - August 1, 2009 – May 16, 2010: 12 dependents >20 incurred \$11,050.46 in claims
 - Also, county should know that plans must make coverage available for married adult children up to age 26, but not for the adult child's children.
- All group and individual health plans, including self-insured plans, will have to cover preexisting conditions for children 19 and under for plan years beginning on or after six months after date of enactment.
- SIHO does not believe this will have much impact on the plan since most dependents on the plan have fulfilled the pre-ex elimination period.
- For all group and individual plans, including self-insured plans, emergency services covered in-network regardless of provider.
- Currently Spencer County has a differential on In-Network and Non-Network coverage. This will need to be changed by 8/1/2011 renewal.
 - In-Network is paid at 80% after deductible
 - Non-Network is paid at 60% after deductible
 - This should not be a problem since traditionally if the insureds traveled out of network and had an emergency it was considered in-network.
- For all group and individual health plans, PPACA mandates coverage of specific preventive services with no cost sharing (100%). This is effective for plan years beginning on or after 9/23/2010.
- Grandfathered plans are not subject to this provision.
- This could be significant cost change for many plans.
 - Unclear if dental and vision for children will be included in the preventative care requirements
 - Spencer County covers preventative at 100% now but has a Calendar year max on some services up to \$300. At this time annual maximums are still allowed.

Questions:

- Will the county need to offer insurance to part-time employees?
Beck stated at this time it is still only full-time employees, defined as working 30 hours or more.
- What does the county need to prepare for at budget time?
Beck said the costs will go up, but it is difficult to say how much. The county must decide if coverage will begin this year or wait until renewal in 2011.

Beck will be gathering data on potential cost increases involved in the various options.

Board of Commissioners,

President

Attest:

Cindy Shelton, Auditor
