Healthcare Reform: What Large Employers Need to Know

Blue Cross Blue Shield of Rhode Island

In 2014, many changes will go into effect as a result of the Affordable Care Act, also called healthcare reform. At Blue Cross & Blue Shield of Rhode Island, we're here to help you understand how healthcare reform will affect you as a large employer.

Essential health benefits

The Affordable Care Act does not require large employers to offer essential health benefits. However, if you do, lifetime and annual dollar limits must be removed. Essential health benefits are services and items in these 10 *broad* categories of care:

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care

At-a-Glance Changes in Coverage

This chart details some of the benefit changes you can expect in 2014 and beyond.

Benefit	State Mandated Benefit?	Before January 1, 2014	January 1, 2014 and after*
Accumulators		-Deductibles and coinsurance apply to the out-of-pocket maximum. -Flat dollar copayments, including pharmacy, do not typically apply to the out-of-pocket maximum.	All essential health benefits will apply to the out-of-pocket maximum, including medical and pharmacy copayments, deductibles, and coinsurance.
Air/Water Ambulance		Per-occurrence dollar limit	Remove per-occurrence dollar limit.
Annual Cost Sharing Limits		No limits	The maximum out-of-pocket maximum allowed for essential health benefits is $6,350 individual /$12,700 family for in-network services.
Autism	✓	Annual dollar limits apply.	Remove annual dollar limit.
Early Intervention Services	✓	Annual dollar limits apply.	Remove annual dollar limit.
Enteral Formula	✓	Annual dollar limits apply.	Remove annual dollar limit.
Family Deductible/Out-of-pocket Maximum Logic		Varies	Family deductible logic can only be aggregate or hybrid.
Hearing Aids	✓	Annual dollar limit	Remove annual dollar limit; a per-occurrence service benefit maximum will apply.
Infertility	✓	Cost share does not apply to out-of-pocket maximum.	Cost share will apply to out-of-pocket maximum; service limits will apply.
Organ Transplant Travel Reimbursement Program		Currently available	Program no longer available as of January 1, 2014, regardless of renewal date.
Physical Therapy/ Occupational Therapy		30-visit limit, no preauthorization	30-visit limit; preauthorization recommended after 10 visits.
Wigs	✓	Annual dollar limit	Remove annual dollar limit; a per-occurrence service benefit maximum will apply.

** Changes are effective January 1, 2014 upon renewal except where noted.*

***This is a high-level overview of 2014 healthcare reform benefit changes. It is not a contract. For details about your coverage, including any limitations or exclusions not noted here, please refer to your subscriber agreement or call your Account Representative or broker.*

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Taxes, Fees, and Requirements

Under the Affordable Care Act, employers may be responsible for taxes and fees as well as certain other requirements. The chart below highlights some of them.

Tax/Fee/Requirement	Effective Date	Responsible Party	Details
Summary of Benefits and Coverage (SBC) and the Uniform Glossary	Effective on or after September 23, 2012	Issuers of fully insured plans Self-insured plans	We are providing in a standard electronic format for the benefits that we cover.
Comparative Effectiveness Research Fee Funds research on the effectiveness, risks, and benefits of medical treatments through the Patient-Centered Outcomes Research Institute.	Plan/policy years that end from October 1, 2012 to September 30, 2019	Issuers of fully insured plans Self-insured plans	For plan years that end between October 1, 2012, and September 30, 2013, this fee is $1 per participant per year. For plan years that end between October 1, 2013 and September 30, 2014, the fee increases to $2 per participant per year. After that, the rate increases each year by the medical inflation rate. We are filing and paying the fee for our fully insured accounts. These fees are included in your monthly premiums. Employers who provide a Health Reimbursement Arrangement (HRA) may have additional obligations.
W-2 Reporting Requirement	2012 W-2 forms that are distributed in January 2013	All employers	You are responsible for reporting the cost of employees' health insurance if you filed more than 250 W-2 forms last year. This includes both the cost paid by you and the cost paid by the employee. This amount is not taxable.
Employee Notification of HealthSource RI, the state's health insurance marketplace (exchange)	Notification required by October 1, 2013	All employers	You must provide a notice to all part-time and full-time employees, even employees not currently enrolled in your plan. In 2014, you must also provide this notice to all new employees within 14 days of their start date. Links to model notices can be found on the Employer page of bcbsri.com/healthcarereform.
ACA Insurer Fee An annual excise tax on health insurance to fund premium subsidies and Medicaid expansion	Tax years beginning January 1, 2014 and later	Issuers of fully insured plans	This fee is based on the insurer's market share of net premiums written based on the previous year. For example, the 2014 fee will be based on 2013 premiums. Total fee amount to be collected across all insurers starts at $8 billion in 2014 and increases to $14.3 billion in 2018. After 2018, the fee increases annually based on premium growth.
ACA Reinsurance Fee Supports the transitional reinsurance program that aims to stabilize premiums for coverage in the individual market and lower the effects of adverse selection	Plan/policy years from January 1, 2014 to December 31, 2016	Issuers of fully insured plans Self-insured plans	Funds will be used to make reinsurance payments to health insurance issuers that cover high-cost individuals in non-grandfathered individual market plans. We are submitting the report and fee on behalf of our fully insured customers for the benefits that we administer. These fees will be included in your fully insured monthly premium. Self-insured clients will be responsible for submitting their own report and fees. In order to assist our clients in preparing their submission, we will provide the necessary enrollment counts in October for the required November 15th submission.
High-cost Insurance Tax An annual excise tax on high-cost health plans	Tax years beginning January 1, 2018 and later	Issuers of fully insured plans Self-insured plans	There is a tax of 40% on health plan costs that exceed "Cadillac" plan thresholds of $10,200 for single coverage or $27,500 for family coverage. These thresholds are subject to adjustments beginning in 2018. We will provide additional information after final regulations are issued.

New! ***Learn more online***

On bcbsri.com/healthcarereform, you'll find:

- More information on the requirement to offer coverage in 2015
- A timeline, FAQs, glossary, and more!

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