

ADVANTAGE

HEALTH PLANS TRUST

2010 USER GROUP MEETING



AGENDA

- Plan News
- When Health Reform & Community Banks Collide
- Health Reform & Your Plan
- Upcoming Changes
- Questions
- Survey



PLAN NEWS

2010 Prescription changes savings!

2009 January 1- Sept 1

\$4,189,398.17 (2009 total claims \$4,795,158.51)

2010 January 1 – Sept 1

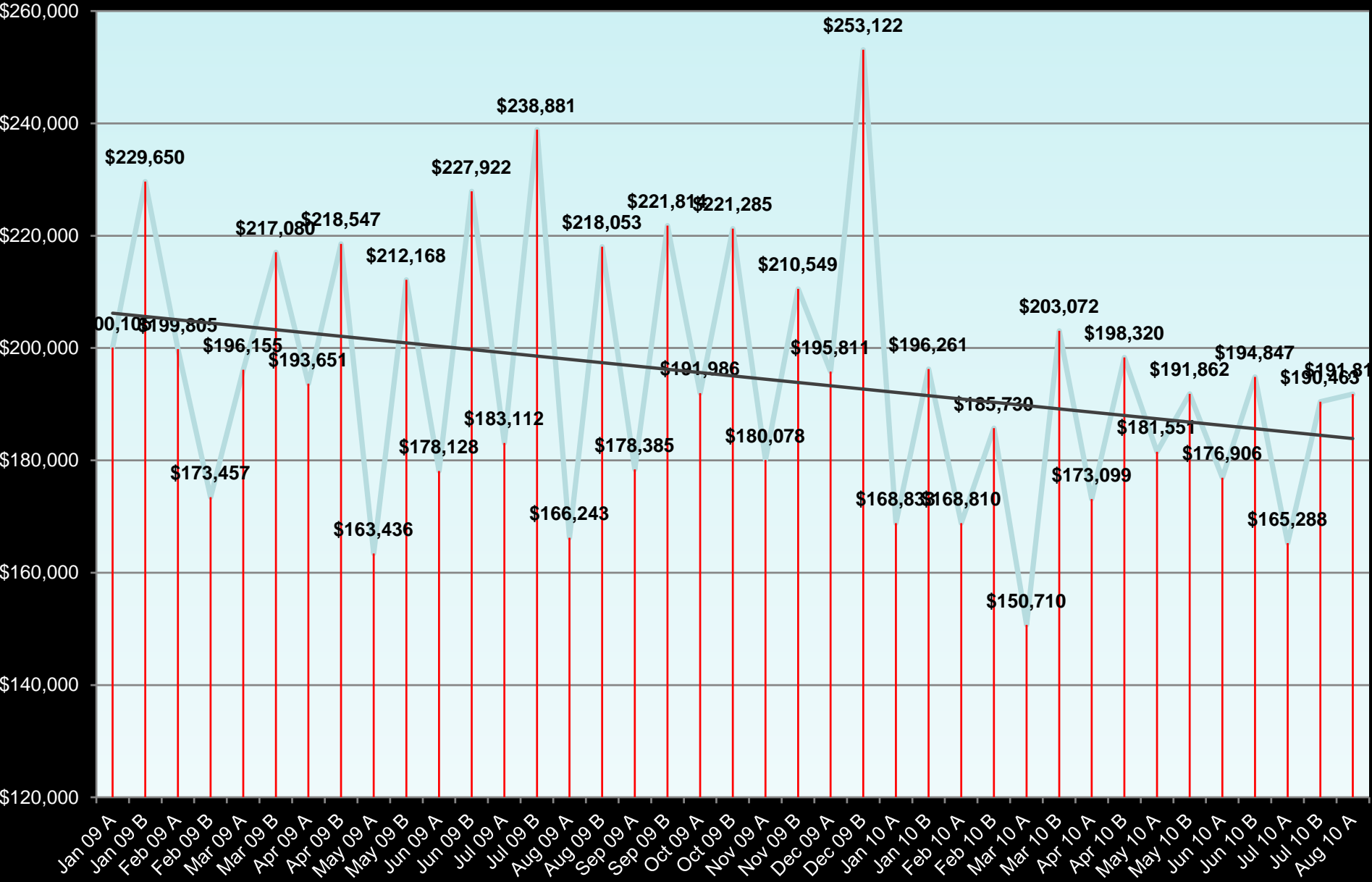
\$2,930,698.21

Savings of **1,258,699.96**



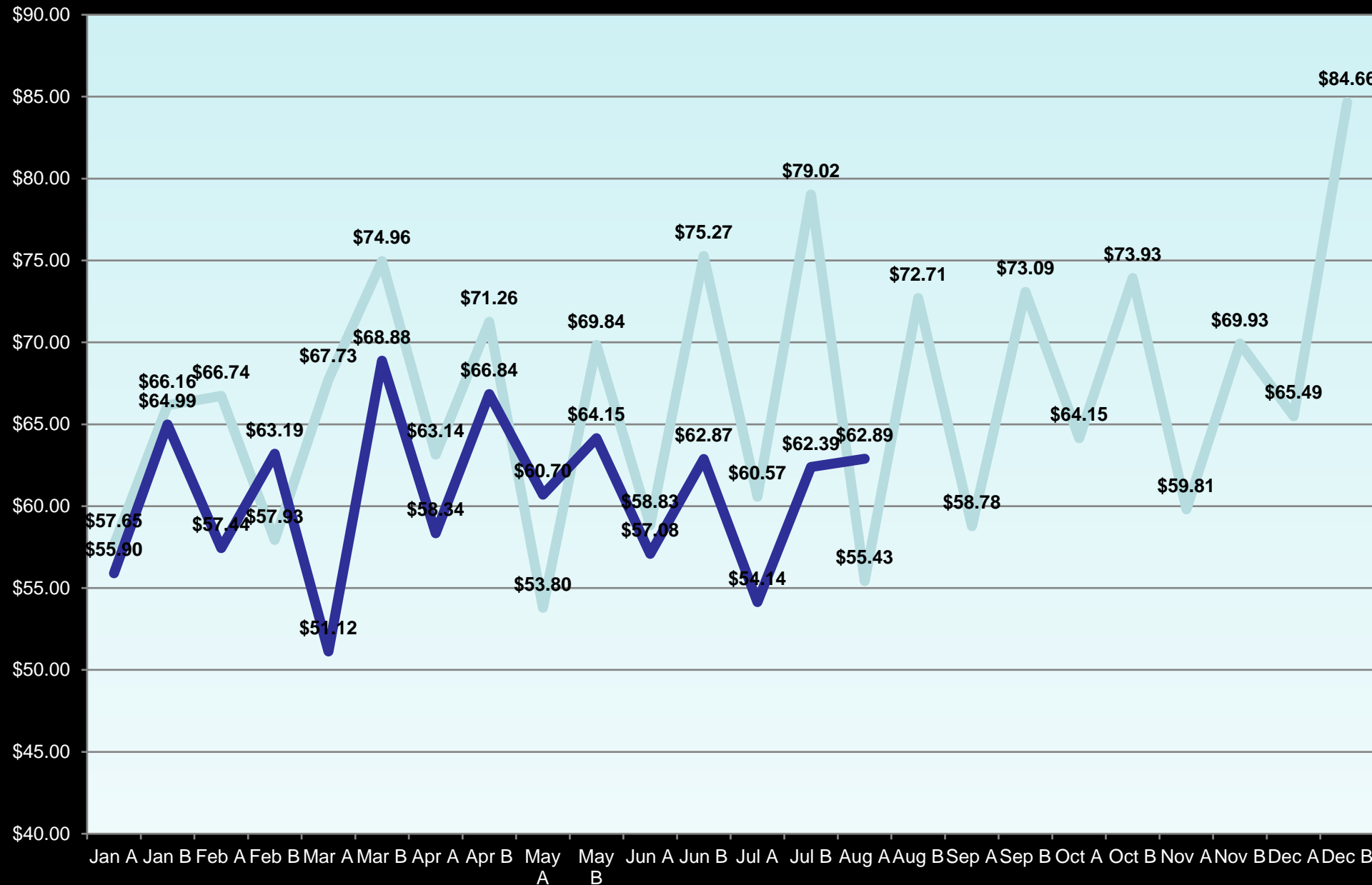
Advantage Health Plans Prescription Benefit Program

— 2009 - 2010 — Linear (2009 - 2010)



Advantage Health Plans Prescription Benefit Program

— 2009 — 2010



PLAN NEWS

- New rate structure “buckets” = New banks! (1/1/10)

285 new participants!!

- Observation Room Change (7/1/10)
- Insulin Pump (7/1/10)
- Dialysis benefit (7/1/10)
- Mental Health/Substance Abuse Parity (7/1/10)



PLAN NEWS

Surgical Implants

<u>Item</u>	<u>Billed Charges</u>	<u>Invoice (cost)</u>	<u>200% of Invoice</u>
Pacemaker	\$70,686.00	\$18,747.00	\$37,494.00
Knee Replacement	\$32,062.00	\$4,050.00	\$8,100.00
Shoulder Replacement	\$18,137.00	\$5,568.50	\$11,137.00
Stabilization of Ankle Ligament	\$6,404.00	\$2,179.00	\$4,358.00

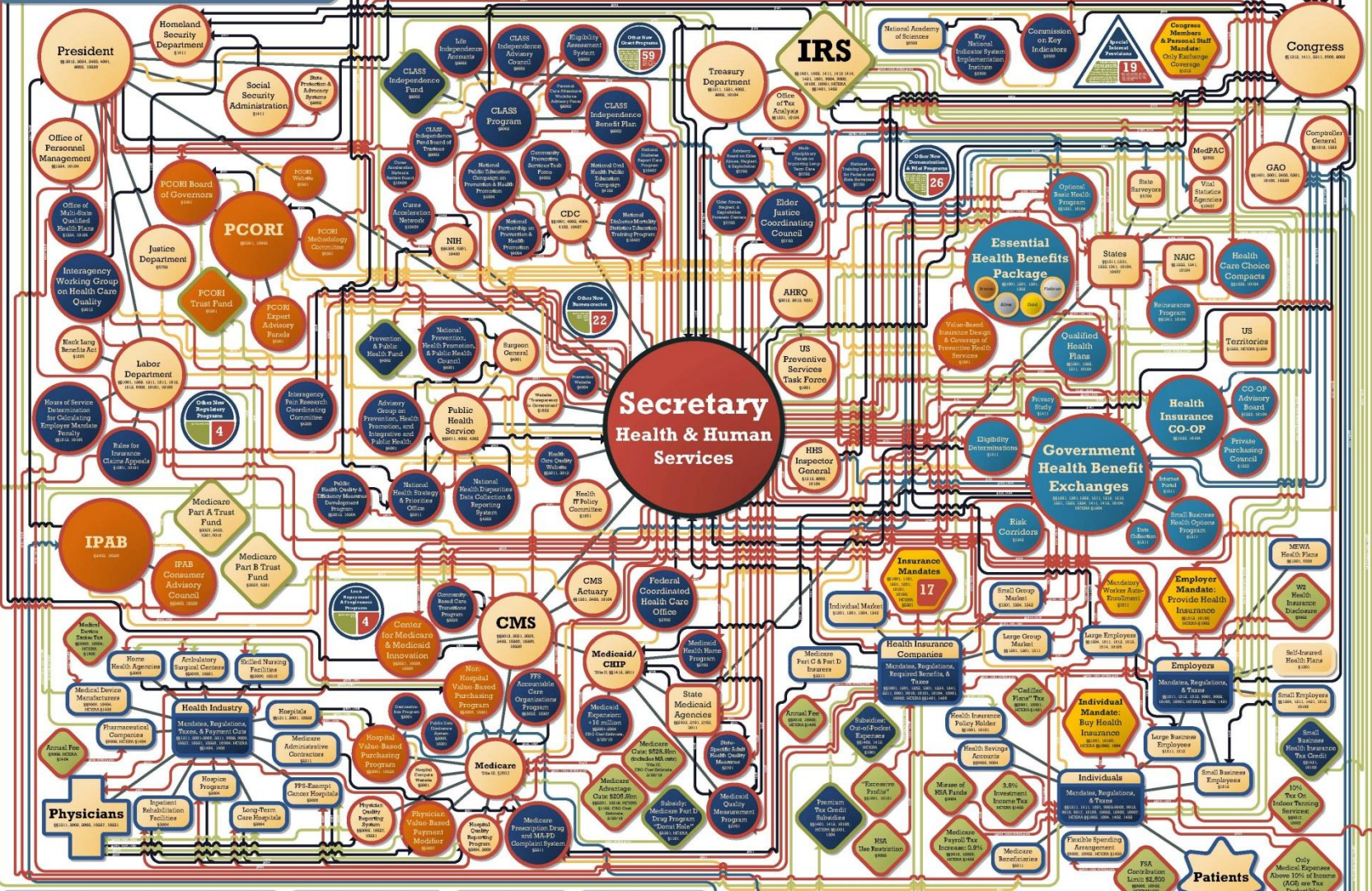


HEALTH REFORM & COMMUNITY BANKS

- Compliance Timeline
- General affect on health plans
- General effect on costs
- To Grandfather or Not



Your New Health Care System



New Government

- Rationing Potential
- Mandates
- Involvement in Health Insurance Market
- Other Expansions
- Represents Bundle of Additional Entities

Expanded Government

- Government with Expanded Authority/Responsibility
- Government Financial Entity with New Inflows/Outflows
- State/Territory with Expanded Authority/Responsibility

Private

- Private Entity with New Mandates/Regulations/Responsibilities
- Unchanged Private Entity
- Special Interest Provisions

New Relationships

- Regulations/Requirements/Mandates
- Reporting Requirements
- Oversight
- Money Flows
- Consultation/Advisory/Info Sharing
- Structural Connections (Includes Existing)

Patient Protection & Affordable Care Act, P.L. 111-148; Health Care & Education Reconciliation Act, P.L. 111-152
 Prepared by: Joint Economic Committee, Republican Staff
 Congressman Kevin Brady, Senior House Republican
 Senator Sam Brownback, Ranking Member

AIG: American General Income
 AFPC: Agency for Healthcare Research and Quality
 CDC: Centers for Disease Control & Prevention
 CHS: Children's Health Insurance Program
 CLASS: Community Living Assistance Services & Supports
 CMS: Centers for Medicare & Medicaid Services
 CO-OP: Consumer Owned & Operated Program
 FFS: Fee-For-Service
 FFS-PA: Flexible Spending Arrangement
 GAO: Government Accountability Office
 HHS: Health Care & Education Reconciliation Act
 IHS: Indian Health Service
 IRIS: Health Savings Account
 IPPC: Independent Payment Advisory Board
 IRS: Internal Revenue Service
 MAND: Medicare Advantage Prescription Drug
 Medicare: Medicare Advantage Prescription Drug
 MERP: Medical Early Risk Detection
 EALORS: Executive Agency Local Offices Regional System
 MEWA: Multiple Employer Welfare Arrangement
 NAC: National Association of Insurance Commissioners
 NIB: National Institute of Health
 PCORI: Patient-Centered Outcomes Research Institute
 PPS: Prospective Payment System

HEALTH REFORM, INCIDENTAL ISSUES

(NON-PPACA)

✓ Mental Health Parity & Substance Abuse (7/1/10)

All mental health and substance abuse services have to be paid exactly the same as regular medical benefits.

- Mental Health services to be paid as any other medical claim
- Substance Abuse services to be paid as any other claim
- No special limits
- Subject to Case Management and Utilization Review like any other claim



HEALTH REFORM PROVISIONS

✓ Early Retiree Reinsurance Program

Employers who are accepted into the program will receive reinsurance reimbursement for medical claims for retirees age 55 and older who are not eligible for Medicare, and their spouses, surviving spouses, and dependents. The amount of this reimbursement to the employer plan is up to 80% of claims costs for health benefits between \$15,000 and \$90,000. Claims incurred between the start of the plan year (often January 1) and June 1st are credited towards toward the \$15,000 threshold for reimbursement. \$5 billion available for reimbursements.

- AHP Approval Granted 8/31/10!
- No current claims qualify
- \$5 billion (first come, first served)



HEALTH REFORM PROVISIONS

✓ Non-discrimination rules

Non-discrimination rules of Section 105(h) not allowing discrimination in favor of highly compensated employees that applied to self-funded plans now applies to all plans.

- No better/superior coverage for executives, directors, etc.
- AHP is compliant



HEALTH REFORM PROVISIONS

✓ Amending Plan Documents

Amend Plan documents in accordance with PPACA

- On-going process
- 60 day advance notice of changes



HEALTH REFORM PROVISIONS

✓ IRS rules, W-2 reporting for Employers (1/1/11)

Employers required to report aggregate value of health care coverage of employee health plan coverage. Excludes FSA and HSA.

- More IRS Paperwork
- Will it be used for tax purposes in the future?
- 2012 Total Household Income Reporting (employer mandate)



HEALTH REFORM PROVISIONS

✓ Dependent coverage to 26 (7/1/11)

The new health reform law requires health plans that offer dependent coverage to children to allow young adults up to age 26 to remain on their parent's insurance plan

- Can be married
- Even if they are offered coverage through job



HEALTH REFORM PROVISIONS

✓ Removal of limits (7/1/11)

Group health plans, as well as individual and group health insurers, are subject to limits on imposing benefits caps. Specifically, lifetime limits on the dollar value of benefits for any participant or beneficiary are prohibited. Also barred are annual limits on the dollar value of benefits for any participant or beneficiary

- AHP currently has an annual limit of \$2,000,000 and life time limit of \$3,000,000
- Free reign for providers to charge more?



HEALTH REFORM PROVISIONS

✓ Elimination of Pre-existing for those under 19 (7/1/11)

Pre-existing condition exclusions eliminated for enrolled children under age 19

- Includes Employees
- Includes Spouses
- Pre-existing elimination for everyone in 2014



HEALTH REFORM PROVISIONS

✓ Enhanced appeals of Denied Claims (7/1/11)

Personal testimony must be allowed as part of appeal process for denied claims. All self-insured plans must offer opportunity for external third party review of denied claims.

- Current appeals process
- Opportunity for 3rd party review (IRO)
- Process available for any 'adverse benefit determination'



HEALTH REFORM PROVISIONS

✓ Preventive Care no cost share in network (7/1/11)

Plans must cover preventive care (such as immunizations, well-baby care, breast cancer screenings, etc.) without co-pays or deductibles. All Group A & B recommendations by the U.S. Preventive Services Task Force

- Includes physicals, well baby care, immunizations, mammograms, and other diagnostic tests
- No cost share
- What will it do to costs?
- What are providers going to charge?



HEALTH REFORM PROVISIONS

✓ Reporting Requirements (7/1/11)

Group Health Plans will be required to report to Secretary of HHS, the applicable State Insurance Commissioner, and the public the following information: claims payment policies and practices, financial disclosures, enrollment (and disenrollment) data, data on denied claims and rating policies, information on cost-sharing and payments with respect to out-of-network coverage, information on participant rights under the Act, and other information as determined by the HHS Secretary

- Outcome reporting – treatment, diagnosis, claims, prognosis, days of stay etc.
- Personal data required



UPCOMING EVENTS

- New Plans – Available 10/1/2010
 - Consumer Plans 3000 & 5000
 - Consumer Plans Plus 3000 & 5000
- Possible Additional buckets for 2011
 - From 5 buckets to 7 buckets
 - From
 - B, B2, **C**, C2, D
 - to
 - A, B, B2, **C**, C2, D, E
- Mandated Changes in 2011
 - Dependent coverage changes
 - Preventive Care
 - No limits



QUESTIONS & SURVEY

