

Compliance Corner

Update on Federal Health Care Reform
& State Issues



group division

March 2015

Strategy Update

State filings are underway for Ameritas to achieve exchange-certified status, and approval of our pediatric dental plan designs with the Better Benefit feature in almost all states. Filing deadlines vary by state, with the majority due in the month of April. Notice of certification approvals for the Federally Facilitated and Partnership Exchange states is expected on September 18, 2015. State-based Exchange approvals will vary. We continue to advocate for a path of exchange certification without participation in the remaining state-based marketplaces. We have made significant progress on exchange certification in Minnesota through a successful meeting with the Department of Commerce, with continued advocacy work underway.

State laws and regulations are increasingly expanding medical carrier requirements on an issue by issue, state by state basis. Affordable Care Act by-product legislation is picking up in states that seek to apply medical carrier requirements on dental issuers; such as dental loss ratios, provider directories, state insurer fees, and network adequacy requirements. The outcome of the King vs. Burwell legal challenge will dictate any changing of the tides in this trend. We continue to advocate for retention of our excepted benefit status for dental and vision products.

Regulatory Matters and the Affordable Care Act

Political Landscape

With respect to healthcare, Congress has been focused on the Sustainable Growth Rate (SGR) adjustment for Medicare provider payments set to occur April 1st and reauthorization of the Children's Health Insurance Plan (CHIP) that will expire in September. A bipartisan plan with an estimated cost of \$200 billion is expected to be released within the next week. The plan seeks to eliminate the "doc fixes" under the current Sustainable Growth Rate program and replace it with a new provider payment system. It will also extend the CHIP funding for two years.

Review of any proposed legislation to adjust Affordable Care Act provisions is reportedly on hold until after the King vs. Burwell decision. The Supreme Court heard arguments on the validity of the subsidy payments in King vs. Burwell on March 4th. They are expected to issue a decision in June.

Equitable Treatment 2.0

The dental benefits industry is continuing the pursuit of equitable treatment of stand-alone dental plans between off and on exchanges. The Association of Health Insurance Plans (AHIP) hosted a Dental Summit in early March on Capitol Hill. Plan attendees discussed the current landscape and differences in how pediatric dental is offered off and on exchanges with Congressional staff. Both AHIP and the National Association of Dental Plans (NADP) are aligned on the need for a consistent market environment. Both groups continue to move towards a path for consistent application via a legislative fix. This fix would seek to obsolete the separate exchange certification process for products containing pediatric dental benefits.

Public Exchanges

As of March 11th, Health and Human Services reported that nearly 11.7 million Americans have selected (not paid enrollment) or were automatically reenrolled into a 2015 Qualified Health Plan (QHP) through the exchanges. This includes 8.8 million selections of QHPs in the 37 states using the Federally Facilitated exchange, and 2.9 million in the state-based exchanges. For separate dental, 1.4 million Americans selected or re-enrolled in stand-alone dental plans (SADPs) through the Federally Facilitated and state-based exchanges. Roughly 93% of those enrolled in dental plan in the exchanges are over the pediatric age. From 2014 to 2015, the dental exchange selection for stand-alone dental coverage has seen a 4% growth, while medical exchange selection has seen a 45% growth.

Open enrollment for healthcare.gov ended on February 15th, but enrollment was extended due to an IRS income verification glitch and thus Americans were given until February 22nd to sign up under a special enrollment period. A new special enrollment period begins March 15th through April 30th for those who may be subject to the Individual Mandate penalty for being uninsured in 2014 and are not enrolled in medical coverage for 2015. Individuals that do not sign up for coverage for 2015 face an IRS penalty the greater of \$325 per person, or 2% of household income.

2016 Letter to Issuers Benefit and Payment Parameters

The final instructions for Qualified Health Plans (QHPs) and Stand-Alone Dental Plans (SADPs) both on and off the public exchanges were released under the federal 2016 Letter to Issuers and Benefit and Payment Parameters. The Benefit and Payment Parameters do not contain any significant changes to our Essential Health Benefit plan designs. Outside of any plan design changes, new requirements may apply in 2016 for carriers to list their provider directories in machine-readable format on their websites, and provide for availability of translation documentation.

Ameritas Readiness

We are ready for the 2016 exchange certification filings. We are efficiently using this filing window to add additional product enhancements and technical language fixes for approval in all states. We continue to advocate for exchange-certified status in the remainder of states without actual participation on those exchanges.

We continue to monitor and influence the state environments, where regulations can exceed federal parameters and impact the standalone dental market. We are providing education, communications, and product strategies to meet our client and producer needs.

What else is going on in the states?

Provider Directories: Illinois, California, Ohio, Missouri and New Jersey have introduced or passed legislation prohibiting dental carriers to list participating providers as practicing at locations in provider directories if the providers have not submitted a claim to the carrier within a certain time period and/or other provider directory requirements.

The Illinois and California bills as drafted impact on-exchange dental carriers only, while the Missouri bill if passed would impact any dental carrier in the state. It is unclear at the time of this report if the Ohio bill would impact dental plans. The New Jersey requirement applies to Managed Care Plans, and applicability is under review.

Dental Loss Ratio (DLR)

Rhode Island is the newest state to introduce legislation that would require DLR reporting. The draft reporting requirements for the California Dental Loss Ratio (DLR) were released and reviewed by Actuarial. The first report for California is due September 2015. We continue to watch the progress of a similar bill in Washington that applied DLR similar to what was proposed in California (but reduced to a study) and hope to mitigate the impact of the Washington bill to just a study as well. We continue to work through our trade association to mitigate the impact of these bills and reporting requirements.

Coinsurance

New Mexico has released a bulletin advising carriers that all insured/policyholder or potential insured/policyholder documents need to reflect cost-sharing requirements from the perspective of the insured/policyholder. We are assessing the bulletin for implications accordingly and recommending an implementation plan.

Where can I get more info?

The Ameritas Health Care Reform Steering Committee and Implementation Team are actively engaged on the various components of the law that require significant actions.

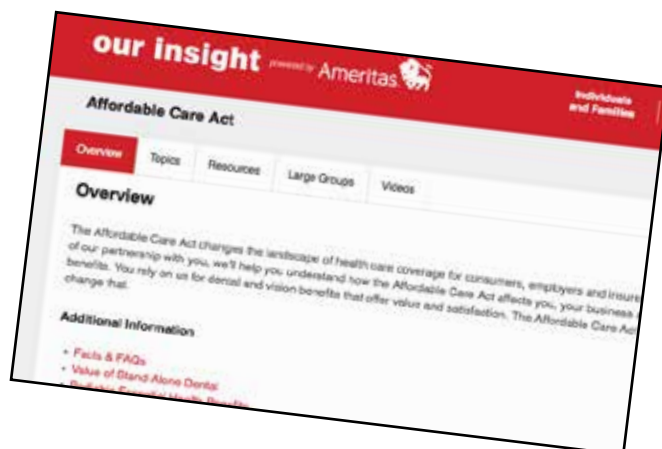
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Questions? Contact us!

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About Ameritas

The group division of Ameritas Life Insurance Corp. has served customers since 1959. It provides dental, vision, and hearing care products and services for nearly 110,000 employer groups, insuring or administering benefits for more than 5.4 million people nationwide. Ameritas has one of the largest dental networks in the country with over 348,000 access points. Its contact center has earned BenchmarkPortal's Center of Excellence certification every year since 2007 and placed in BenchmarkPortal's most recent Top 100 contest for small centers. In New York, products are offered through Ameritas Life Insurance Corp. of New York.

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