

compliance corner

Update on Federal Health Care
Reform and State Issues
November 2015



Strategy Update

The 2016 enrollment period began on November 1st with roughly 543,000 people selecting plans in the Affordable Care Act marketplaces in the first week. New enrollees comprise one-third of those who selected coverage. The marketplace growth expected in 2016 is 1 million, bringing to the total expected marketplace enrollment to around 10 million nationwide. This enrollment is less than half of the Congressional Budget Office estimate of 21 million Americans that would have enrolled in the marketplaces in 2016. Enrollment in dental coverage on the marketplaces has seen insignificant increases nationally. The 2016 enrollment period ends December 15th.

We received notice of exchange certification in 37 of 40 states so far, and are awaiting notice of certification in 3 additional states. We are newly certified for 2016 in Minnesota and North Dakota, while losing certification in Idaho and Tennessee. To date for 2015, we have had an increase in the volume of groups with pediatric dental essential health benefit of roughly 26%, with 16% on new business and 10% on existing groups.

We will now monitor with interest how medical plans and standalone dental plans have changed their policies or exchange strategies for 2016. Already we have seen data that over one-third of the silver level Preferred Provider Organization medical plan designs have been dropped by carriers in the marketplaces, and premiums for individual medical plans have lowered slightly in some regions of the country and risen drastically in others. We continue to watch the on-line employer "SHOP" marketplace and have seen lackluster enrollment numbers and slight to no impact on small employer purchasing behaviors.

2016 Small Group Definition

Last month President Obama signed the Protecting Affordable Coverage for Employees (PACE) Act into law. The law repealed the mandated small-group expansion of 50 to 100 employees and instead allows each state to choose whether to expand the small group definition. Only California, Colorado, New York, Vermont, and Virginia have elected to expand the small group definition to 100 employees or fewer. We are working with our Sales and Underwriting areas for communication and training accordingly.

Consumer Operated and Oriented Plans (CO-OPs)

More than half of the nonprofit health Insurance Consumer Operated and Oriented Plans (CO-OPs) are shutting their doors by the end of 2016. Health Republic Insurance of New York was found to be in such financial duress that the state required it to cease operations and terminate coverage as of the end of this month. Cooperatives in Arizona, Colorado, Iowa/Nebraska, Kentucky, Louisiana, Michigan, Oregon, Nevada, New York, South Carolina, Tennessee and Utah have ceased operations due to financial instability.

Regulatory Matters and Affordable Care Act Status Update

Nondiscrimination Rules

A new proposed rule, “Nondiscrimination in Health Programs and Activities,” was published in the Federal Register on September 8th. The proposed rule implements Section 1557 as applying to all health programs that receive financial assistance from any Federal agency, and all programs and activities that are administered by an Executive agency.

It extends the definition of covered entity to anyone administering health services or health insurance coverage, which would include any covered entity’s business outside of the Marketplaces. This would apply to dental and vision, fully-insured or self-funded, regardless if individual, small group, or large group coverage. The proposed rule would prohibit sex discrimination, and require covered entities to implement complex processes for ensuring access for individuals with limited English proficiency (LEP) with a very short window of compliance of 60 days. The rule also provides for a private right of action and for damages for violations of Section 1557, without any remedy for administrative exhaustion first before suit. Comments on the rule have been submitted by both the dental and medical trade associations.

Equitable Treatment

Industry work continues on federal bill H.R. 3463, the “Aligning Children’s Dental Coverage Act,” which was introduced last month. Ameritas participated in efforts to gain further congressional support on Capitol Hill with the trade association America’s Health Insurance Plans, along with other dental and medical carriers. The legislation aims to reform compliance applied to dental plans outside of the exchange, and the inequity in rules regarding purchase of the pediatric dental benefits between the on and off exchange markets.

Ameritas Readiness

As in prior years, there are many varied surveys and reports of ACA impacts on individual and employer sponsored health insurance, staffing, and costs. With two years of data now available, we are expecting the remainder of the year and into 2016 to produce credible data on medical plan changes and strategies, employer purchasing on and off exchanges, and the shift to individual products, voluntary group coverage, and self-funded options. We continue to work with our industry to advocate for reforms on dental and vision benefits that are appropriate and do not result in reduced access due to unaffordable and unrealistic requirements.

What else is going on in the states this month:

We have been advised in the State of Washington that carriers are not allowed to combine dental and vision products. Accordingly we are working internally to review in-force plan designs and to bring our Washington business into compliance. We are also reviewing new requirements for rate and form filings as a result of new regulations that are expected to be finalized this month.

After discussions with the Louisiana Department of Insurance, we successfully advocated for the ability to offer two-tier dental benefits in the state within required parameters. We are working on implementation of California Senate Bill 137, which requires various updates to our provider directories.

Look for the Compliance Corner communications, visit our website, or ask your sales contacts any questions. Or contact Kate McCown, our Group Compliance Officer, at kmccown@ameritas.com or any member of our Compliance Team. Let us know if you would like copies of any materials mentioned.



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