

**HEALTH REFORM:
SOME THINGS ARE STILL CONSTANT,
THOUGH IT'S HARD TO TELL FROM ALL THE CHANGES YOU'RE MAKING
By Peter R. McClung**

Merriam Webster defines "reform" as "to put or change into an improved form or condition." The Patient Protection and Affordable Care Act (PPACA) passed earlier this year will have the largest impact on the health care system in the US since the Medicare was passed in 1965. Change takes effort, even if the change is toward improvement, and the moving pieces resulting from the PPACA are still very much in motion.

While one employee is excited about adding her 24-year-old dependent back onto your program, and another is looking forward to free preventive care, there are real costs associated with these provisions. "Free" sounds like a winner, but having employees connected with program cost increases is key. You know what the new provisions will cost the plan, but do your employees?

As you watch the reporting provided by your medical carrier or note the rise in your insured renewal rates, employees may not know or expect that costs are increasing based on their usage of the health care system. Health Care Reform addresses many of the access-to-coverage issues for individuals and employees, but doesn't yet mitigate the sources of specific health care cost increases for your plan. If you haven't already published how much you, the employer, contribute toward employee coverage, as well as trend rates, on your intranet or in a personal statement to employees, now is the time to let them know how health care cost increases affect your business's bottom line.

The costs of your plan could be affected by the PPACA in many areas, including:

Lifetime Limits	Tax Credits for employers
Annual Limits	Treatment of Stand-Alone Dental plans.
Pre-existing Conditions	New Appeal Requirements and External Review Requirements
Wellness and Preventive Benefits	New Uniform Coverage Documents

There are also provisions in each of these categories that could impact your total plan cost:

- While HIPAA prohibits discrimination against individuals based on health factors, plans can provide premium discounts, incentives, cost sharing variables, or other rewards based on a person's health status, provided the program meets certain defined criteria.
- A waiver program to allow certain health plans to continue annual benefit limits is awaiting announcement by the Secretary of HHS.
- The definition of "essential benefits" will affect whether certain benefits can have dollar maximums, such as chiropractic.
- If you don't currently offer coverage for dependents, you are not required to extend coverage to them currently.
- Annual limits on benefits will be increased during the 2010 – 2013 transition period until eliminated completely in 2014.
- While the PPACA establishes minimum standards related to care, many state mandates will not prevent the overall application of PPACA, and thus will be continued.

So how much will all the new provisions cost? According to a recent Mercer national survey, 25% of the 791 respondents expect 2011 required compliance to add at least 3% to their projected plan costs, with about 10% expecting 5% or more. (<http://www.mercer.com/referencecontent.htm?idContent=1380755>). The rate of increase will vary based on current provisions, such as existing student age limit and extent of preventive care coverage.

Employees expect that plan costs will be directly impacted by health care reform, but the *direction* may not be what they're expecting. You likely have your plan implementation strategy in place, but now is the time to engage your employees on how much *and why* costs are rising.

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