

# YOUR Future under HealthCare Reform

## The Broker's Survival Guide to PPACA

Presented by:

**Lauri L Beck**

**President and COO**

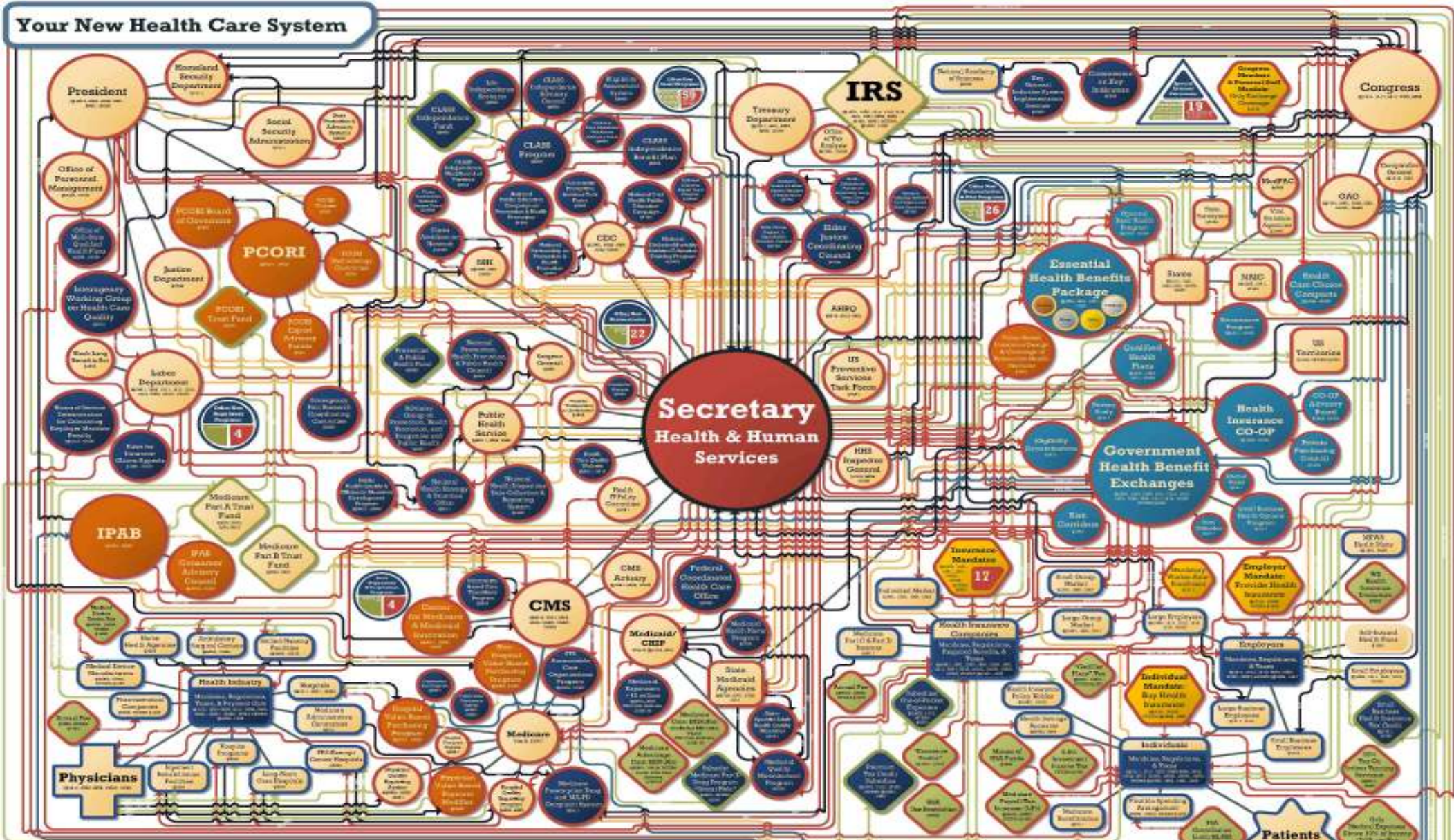
**Insurance Network America**

**1-800-456-7999**

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# Patient Protection and Affordable Care Act



**Secretary  
Health & Human  
Services**

**New Government**

- Rationing Potential
- Investment in Health Insurance Market
- Other Expenses
- Represents Burden of Additional Entities
- Mandate
- Taxes & Monetary Fees/ Penalties/Cuts
- Trust Fund (Ratifying Potential)
- Other New Trust Funds/ Monetary Benefits

**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
- Unshingled Private Entity
- Special Interest Provisions

**New Relationships**

- Regulation/Mandate
- Reporting Requirements
- Oversight
- Money Flows
- Consultative/Advisory/ Info Sharing
- Structural Connections (Acctode Existing)

AIDS: Acquired Immune Deficiency  
 AKBP: Agency for Health Research and Quality  
 CDC: Center for Disease Control & Prevention  
 CHIP: Children's Health Insurance Program  
 CLASS: Community Living Assistance Services & Supports  
 CMS: Center for Medicare & Medicaid Services  
 CO-OP: Consumer Operated & Oriented Program  
 JRF: Joint Review  
 HHS: Health Research & Services  
 HHS: Office for Health Care Quality  
 HHS: Office of Inspector General  
 HHS: Office of Research & Statistics  
 HHS: Office of the Assistant Secretary for Health  
 HHS: Office of the Assistant Secretary for Policy and Program Development  
 HHS: Office of the Assistant Secretary for Science, Research, and Statistics  
 HHS: Office of the Assistant Secretary for Workforce  
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Patient Protection and Affordable Care Act, P.L. 111-148;  
 Health Care and Education Reconciliation Act, P.L. 111-354  
 Prepared by: Joint Economic Committee, Republican Staff  
 Congressman Kevin Brady, Senior House Republican  
 Senator Sam Brownback, Ranking Member

# Implementation Timeline 2010

- No lifetime limits on essential health benefits
- No annual limits on essential health benefits
- Children to age 26 can remain on plan
- No pre-ex for children under age 19
- 100% coverage for expanded list of preventive services for all insured populations
- Funding for federal temporary high risk pool
- Small business tax credit
- New appeals process for coverage determinations and claims

# Implementation Timeline 2011

- Federal and state oversight for “unreasonable” premium increases
- Minimum Loss Ratio requirements
  - 80% individual plans
  - 85% “large” group plans
  - 80% “small” group plans
- Increased penalties for non-qualified Health Savings Account distributions.
- Cap on Flexible Spending Accounts
- Establishment of Exchanges began

# Implementation Timeline

## 2012-2013

### 2012

- W2 reporting requirements for employee benefits
- Plans must provide standardized information about benefits and coverage

### 2013

- State exchanges must meet progress testing requirements
- Insurers must comply with rules to determine electronic eligibility.
- Employers must notify employees of the availability of Exchanges and their possible eligibility for subsidies.

# Implementation Timeline 2014

- Individual mandates to purchase minimum coverage
- Employer mandates for those with more than 50 employees
- All fully insured plans must be guaranteed issue
- No pre-existing conditions exclusions for anyone
- Price compression mandates 3:1 maximum for fully insured
- New federal taxes on insurers offering fully insured plans
- Massive expansion of Medicaid
- Health insurance exchanges fully operational at state level or federal takeover
- Substantial subsidies for purchase of private insurance
- Small business tax credits increase to 50%

# Health Insurance Exchanges and the Subsidies

- Each state will determine which plans are available inside and outside of the exchanges
- State Exchanges must be fully self sustaining by 2015
- The benefits offered on plans inside the exchanges will be heavily regulated.
  - i.e. Individual deductibles will be capped for all individuals aged 30+ at \$2,000.
- The Exchanges will be the processing center for determining eligibility for PPACA subsidies, as well as Medicaid and SCHIP
- The Exchange will be the conduit for the subsidized premiums to be paid to the carriers with advanced tax credits based on an individuals projected income.

# Health Insurance Exchanges and the Subsidies

- To receive a PPACA subsidy, an individual must purchase policy on the exchange.
- To be eligible for small business tax credit in 2014, the employer must purchase the group policy on the exchange



# The Subsidies

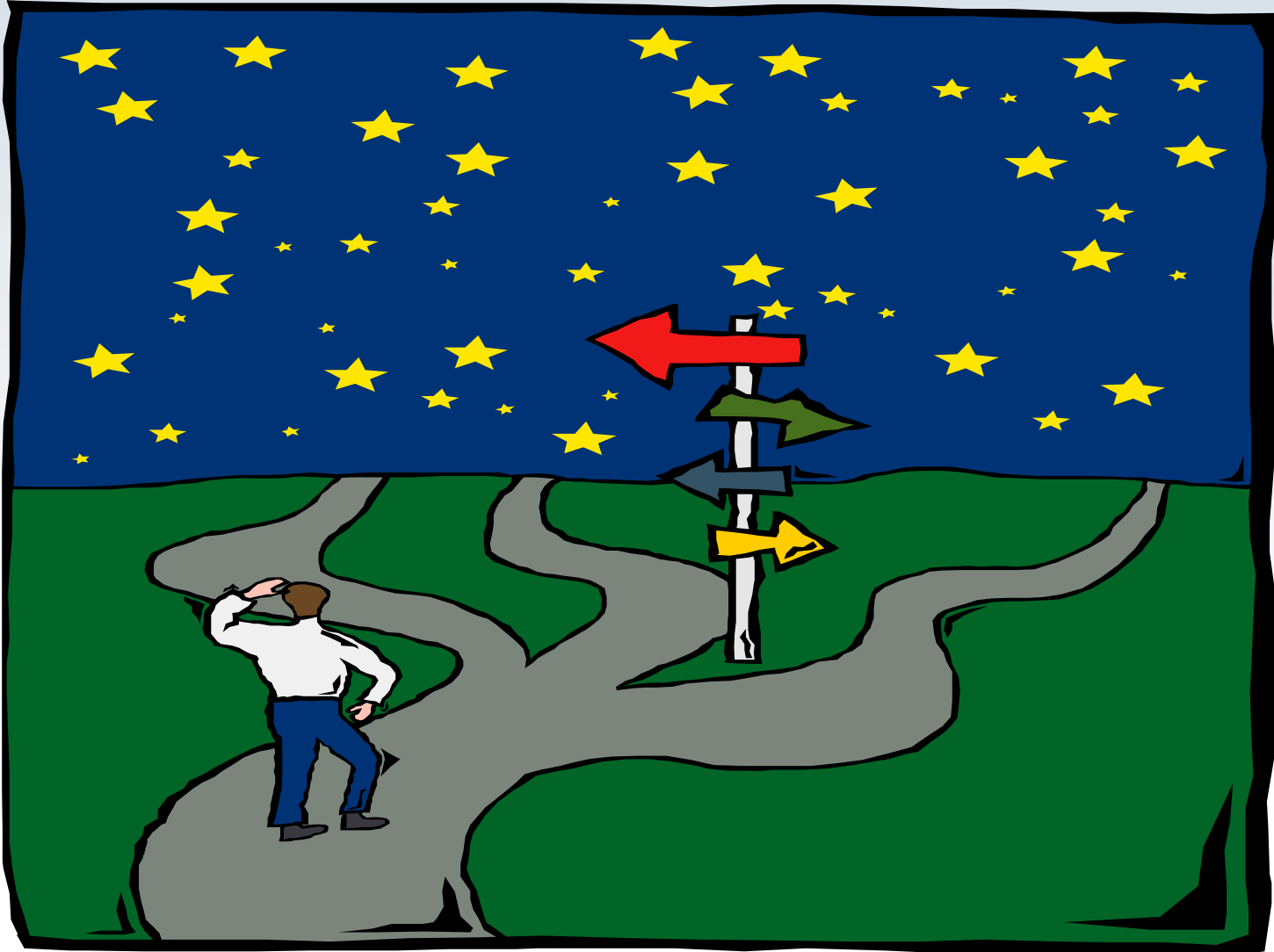
## Annual Income by Current Federal Poverty Level and Family Size: 48 Contiguous States and the District of Columbia

Federal Poverty Line	Family Size			
	1	2	3	4
50%	\$ 5,415	\$ 7,285	\$ 9,155	\$ 11,025
100%	\$ 10,830	\$ 14,570	\$ 18,310	<b>\$ 22,050</b>
200%	\$ 21,660	\$ 29,140	\$ 36,620	\$ 44,100
300%	\$ 32,490	\$ 43,710	\$ 54,930	\$ 66,150
400%	\$ 43,320	\$ 58,280	\$ 73,240	<b>\$ 88,200</b>

source: CRS computation based on "annual update of HHS Poverty Guidelines" 74 Register 4200



# So now what?



**Triumph is often nearest  
when defeat seems  
inescapable.**

**BC Forbes**

**A little more effort  
and what seemed  
hopeless failure  
may turn to glorious success**

**Elbert Hubbard**

There has never been  
a better time to be a  
consultative benefits specialist  
(aka quality health insurance agent)

Lauri Beck

# Why this is a great time to be a health insurance agent:

Mid sized carriers are diversifying their products and they need agents to market them.

You already have the relationships!

Employers are desperate for assistance –  
No one is better equipped than YOU to help them.

With every challenge comes opportunities for those that embrace them.

# Small Employer Market

# Alternate (Self) Funding Advantages

- Avoidance of minimum loss ratio requirements
- No community rating
- Ability for agent to set commissions
- Substantially fewer mandated benefits

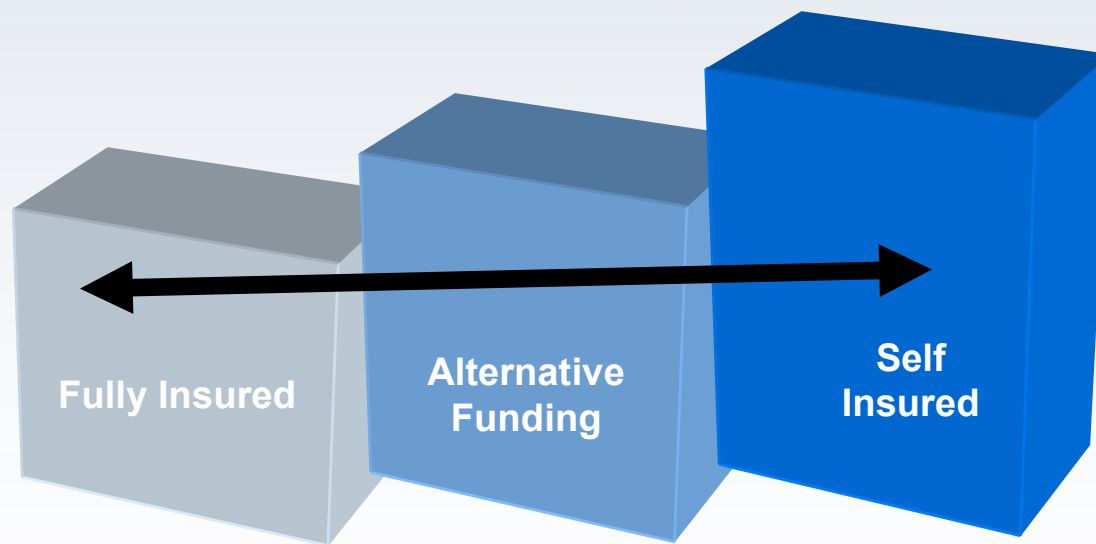


# Alternate (Self) Funding Advantages

- Enhanced flexibility in plan designs
- Data to drive informed decisions
- Ability to develop strategic wellness plans
- Long term perspective, a true strategic approach to managing costs

# Healthcare Funding Strategies & Solutions

## Funding Continuum



# Small Group Alternate Funding 101

- One monthly bill inclusive of all components, similar to fully-insured
- Low attachment points for reinsurance
- Automatic advanced funding arrangement
- Contracts that allow for run off of claims

# Alternate (Self) Funding

## Identifying Ideal Employers

- Groups of ten or more employees
- Providing employee benefits is a priority
- Stable workforce, low turnover rates
- Financially stable
- Healthy group
- Looking at the long term perspective

# Other Revenue Opportunities

- Life insurance to solve business planning needs of the employer
- Worksite marketing to provide voluntary benefits to the employees
- Individual life, disability, and annuities

# Final Thoughts

- Embrace where things are today
- Plan for where they are going
- Be consultative in your approach
- Educate yourself and never stop learning
- Partner with someone who can mentor you
- Maximize available resources
- **HAVE YOUR BEST YEARS EVER –**  
because you decided to!

208-344-1143

