

WHAT YOU NEED TO KNOW  
ABOUT HEALTHCARE REFORM

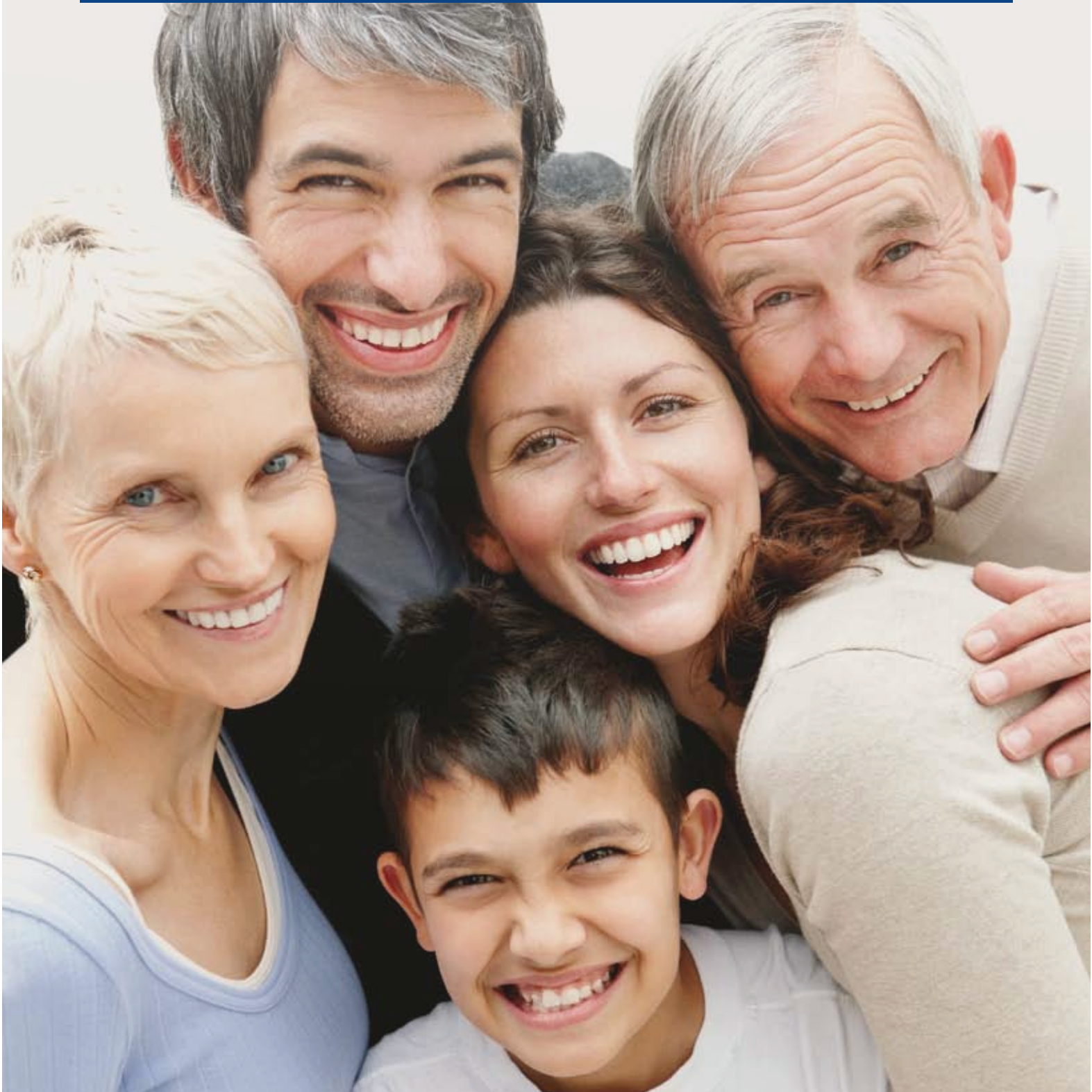
---

**2010 CHANGES**

---



September 23, 2010 marked the six-month anniversary of the signing of the Patient Protection and Affordable Care Act (PPACA, also known as H.R. 3590), a bill that created staged reform of the U.S. healthcare industry. It also marked the first set of changes to impact many businesses. ADP has created an overview of the changes and what you and your employees can expect to experience. Most of the changes required by the 2010 provisions of PPACA will not impact you until your next renewal.



Throughout this piece you will see references to “grandfathered plans.” A grandfathered plan is any plan that was in existence on March 23, 2010. Grandfathered plans are currently exempt from some of the 2010 PPACA requirements as follows:

- If you are given the option to renew your current health plan “as is,” it is likely the health insurance company will consider it a grandfathered plan.
  - Many of the 2010 provisions of PPACA will not apply to your benefit plan.
- Many health insurance companies are offering fewer plan design options to comply with PPACA.
- Some health insurance companies are not allowing current customers to renew “as is” and are migrating customers to new PPACA compliant plans.
- If your plan is being migrated, you may have to complete additional paperwork to continue to receive coverage.
- You may be able to choose another grandfathered plan. However, there are limitations on the benefit changes you can make and still qualify to enroll in a grandfathered plan.



## SMALL BUSINESS ALERT

### PPACA Creates Great Benefits Available to Small Businesses

#### Healthcare Tax Credits

Recoup up to 35% of your 2010 healthcare premium costs. ADP has created a calculator to help you determine if you are eligible for a refund.

#### Wellness Grants

Apply today and put in place a worksite wellness program, we can show you how! \$250 million will be awarded by the Department of Health and Human Services in January 2011. Wellness programs encourage healthy lifestyles for your employees and have been shown to increase productivity and decrease absenteeism.

# HEALTHCARE REFORM

## AN ADP PRIMER ON 2010 CHANGES

### 2010 Market Changes as a Result of PPACA

#### [Grandfathered and Non-Grandfathered Plans]

##### **Dependent Coverage until Age 26**

- All plans must make coverage available to adult dependents until their 26th birthday regardless of marital status.
- Grandfathered plans may exclude coverage if the dependent is eligible for coverage through their employer or their spouse's employer until 2014.
- Premium for this coverage is tax deductible.
- Some states make dependent coverage available beyond the age of 26. For specific regulations in your state, please contact your ADP Insurance Agency representative.

##### **Pre-existing Condition Limitations are Eliminated for People under the Age of 19**

**Rescission Abolished** – Health insurance companies can no longer revoke an individual or group policy for any other reason other than limited acts of fraud or intentional misrepresentation during the application process.

##### **Restrictions on Lifetime and Annual Maximums**

- Elimination of lifetime maximums on essential benefits\*
- Health plans can either waive or offer the following as a minimum annual maximum:
  - \$750,000 for plan years beginning between September 23, 2010, and September 22, 2011;
  - \$1.25 million for plan years beginning between September 23, 2011, and September 22, 2012;
  - \$2 million for plan years beginning between September 23, 2012, and December 31, 2013.
- Starting January 1, 2014, annual limits will be eliminated in group plans.

\*Essential Benefits are defined as follows: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorders including behavioral health treatment, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, pediatric services, including oral and vision care.



## 2010 Market Changes as a Result of PPACA

### [Non-Grandfathered Plans Only]

#### Preventive Care Covered at 100%

- Applicable to A and B services as determined by the U.S. Preventive Services Task Force
- You cannot be charged for these services if the office visit was scheduled for preventive care
- If the original visit was not for preventive care, you may be charged for the visit and any services rendered
- Careful attention needs to be paid to physician billing practices to maximize benefit

#### Provider Access

- Plans must allow a member to designate a child's pediatrician as their primary care provider
- Plans may not require an authorization or require a referral for a member to visit a participating obstetrician/gynecologist.

#### Discrimination based on Compensation

- Prohibits fully-insured group plans from providing better plan coverage to highly compensated individuals.

#### Emergency Services

- Prevents health plans from requiring higher copayments or coinsurance for out-of-network emergency room services.
  - Patients may be responsible for the difference between the amount billed by the provider for out-of-network emergency room services and the amount paid by your health plan.
- Must be covered without prior authorization

#### Appeals and Grievances

- Health plans must put in place an appeals process that includes an impartial internal and external review
  - Applicable to both determining insurance coverage eligibility and claim denials
  - External reviews must be compliant with state or federal guidelines
- Health plans must continue to provide coverage during the appeals process





All insurance products are offered and sold only through the licensed agents of Automatic Data Processing Insurance Agency, Inc. or its licensed insurance partners, One ADP Blvd., Roseland, NJ 07068. Certain services may not be available in all States. CA license #0D04044.

The ADP logo is a registered trademarks of ADP Inc. © 2010, ADP, Inc. ADP cannot provide tax or legal advice. If you have any questions regarding how these programs may apply to your specific situation, please consult your tax or legal advisor.