



Affordable Care Act Implementation Health Insurance Market Reform

The Affordable Care Act (ACA) will fundamentally reshape how people buy health insurance coverage, particularly those who obtain coverage from a small employer or buy coverage on their own. States will continue to regulate insurance companies, but now to new stringent federal standards. Access to coverage will improve for those unable to obtain coverage before, but coverage costs likely will increase for others.

Effective in 2010

Lifetime dollar limits on benefits for any participant or beneficiary prohibited

Annual dollar limits on benefits for any participant or beneficiary phase out by 2014.

All group plans must cover dependents up to **age 26**.

All group plans must comply with **nondiscrimination rules** [IRS 105(h)] that prohibit better benefits for highly compensated individuals.

Preexisting condition exclusions¹ for children 19 or under prohibited.

Preventative services must be covered without cost-sharing.

Emergency services must be covered on an in-network basis regardless of network status of medical provider.

1) <http://tinyurl.com/6q9nvtk>



Effective in 2012

All group plans must provide the new **Summary of Benefits and Coverage**² document that combines a “plain language” explanation of benefits and specific examples of benefits available under the plan. Effective after September 2012.

Effective in 2014

Coverage must be offered on a **guaranteed issue**³ basis in all markets and also be **guaranteed renewable**⁴. The individual mandate seeks to counter risk selection issues created by guaranteed issue requirements.

Exclusions based on **preexisting conditions** would be prohibited in all markets.

Annual and lifetime limits fully prohibited.

Maximum allowable waiting period is 90 days.

All coverage purchased through a Health Insurance Exchange subject to **strict modified community rating** standards, increasing costs for younger, healthier populations.

- Premium variations only allowed for age (3:1 ratio), tobacco use (1.5:1), family composition and geography.

Wellness incentives may vary insurance premiums by 30% - HHS allowed to increase variance to 50%.

Catastrophic-only coverage allowed for age 30 and younger.

2) <http://tinyurl.com/9j4692o>

3) <http://tinyurl.com/cnws3kj>

4) <http://tinyurl.com/9tjq9mn>