Willis Insights

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HEALTH CARE REFORM: DELAYS AND OPPORTUNITIES

Some things in life go away if you ignore them. Health Care Reform, also known as the Affordable Care Act (ACA), the Patient Protection and Affordable Care Act (PPACA) and Obamacare, is not among them. While implementation, planned from the outset to roll out over time, will apparently take longer in some areas than initially planned, the new rules are coming, if they're not here already. But the landscape is also changing along the way, and the recently announced delay in the pay-or-play mandate gives employers the chance to investigate new options being developed by the private health insurance sector.

New products are being developed that are specifically designed for uninsured full-time employees.

These self-funded plans are not designed to compete with the plans offered by companies whose benefit offerings are a key part of their compensation package. They are designed to fulfill the play part of the pay-or-play mandate at minimum cost. These plans are in the process of being developed and readied for filing with insurance regulators in state capitols across the country, with the expectation that they will be ready for the new January 1, 2015 deadline.

What's Been Delayed?

The delay announced in July technically involved the requirements for employers to notify the government about who is covered under their plans and the value of the plans. In practice, that delay means a one-year postponement of one of the major pillars of the health care reform plan: the requirement for employers to cover all employees and to face a potential tax if the value of their plan exceeds a certain level.

A few weeks later, the government confirmed a one-year grace period, first posted early in 2013 but largely unnoticed, for the requirement to limit maximum out-of-pocket costs to plan participants (although this is not as generous as some report). One of the reasons for this delay is that many plans involve separate carriers for medical and prescription drug costs and coordinating the details of the overall plans has proven to be a challenge. The delay just permits separate plans to have separate out-of-pocket limits.

What's Coming Next?

Many aspects of the law fall into place January 1, 2014, but a key requirement for employers is that they will need to enroll or offer benefits to employees within 90 days of their first eligibility.

The first of the year will also see the advent of another of the law's most talked-about elements: full elimination of carriers' ability to refuse coverage for pre-existing conditions.

What Should Be Done Now?

Benefits managers should keep working closely with their benefits partner to stay ahead of the implementation dates as much as possible. For organizations that do not provide benefits to all employees and may be struggling with the pay-or-play options (the ones breathing the loudest sighs of relief at the recent delays), a close eye should be kept on the new products coming to the marketplace. Employers looking for a way out of the mandate by changing the status of employees or reducing the number of full-time staff to under 50 may find that the new products will allow them to offer coverage – and perhaps better compete for talent/labor in a recovering economy.

The other key step now is to make sure you are compliant with the requirements already on the books. These include the requirement for any plans that include dependents to accept dependents up to the age of 26. Another is the requirement to provide coverage for preventive services.

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