Federal Health Care Reform and Preventive Care

Clients and Friends: **July 19, 2010**

The latest development in federal health care reform (HCR) came last week when the White House announced new rules for coverage of preventive care services. Most medical plans that renew after September 23, 2010 will cover a variety of preventive care services without any cost to consumers. Next year, an estimated 41 million Americans will benefit from these new prevention provisions and by 2013, an estimated 88 million Americans will benefit.

However, not ALL medical plans will change. You may remember reading our July 7th email on grandfathered plans. Grandfathered plans can avoid certain HCR changes, including the requirement to offer first-dollar coverage for preventive services.

Will your plan be grandfathered? Maybe, but maybe not. In order for your plan to maintain its grandfathered status, your medical carrier would first have to agree to continue it, and then you and the carrier would be able to make only modest changes in benefits and cost-sharing arrangements. Otherwise, your plan would not be grandfathered and the new preventive care benefits would be added to your plan, along with certain other HCR changes that would take effect at the same time, including the elimination of annual coverage limits, allowing children to stay on their parents' policies until they turn 26, and the elimination of exclusions for children with pre-existing medical conditions. And if you change plans at renewal, you would certainly lose grandfathered status.

Regulators estimate that on average, the new requirements will increase group health care plans' costs by an average of 1.5% a year. But most SIG clients already have some preventive care benefits built into their plans, and we expect that the impact on your monthly premium will be less.

Here are some examples of what is covered under the new preventive care rules. All cost sharing (i.e., copayments, deductibles and other charges) will be eliminated for:

- Regular wellness visits for infants and children
- Blood pressure, diabetes and cholesterol tests
- Counseling, vaccines, and certain screenings for healthy pregnancies
- Many cancer screenings
- Routine vaccinations, flu and pneumonia shots
- Counseling to help people stop smoking
- Screening and counseling for obesity, depression
- HIV/AIDS screenings
- Certain genetic counseling (e.g., for women with a family history of breast cancer)
- Screening for osteoporosis in older women

In some cases, schedules have been created for certain preventive care screenings, like colonoscopies, to tell us how often these services will be covered and for whom. Additional guidelines will be published for other types of preventive care services. Further, the administration is working on a supplemental list of free preventive services for women. The complete list of recommendations and coverage guidelines can be viewed at http://www.HealthCare.gov/center/regulations/prevention.html.

The new rules do allow differences in coverage inside and outside of the plans preferred networks. Virtually all SIG clients have some sort of in-network vs. out-of-network arrangement, and the new preventive care rules will allow plans to impose cost-sharing requirements for services received from out-of-network providers. This will likely mean that you'll have a strong financial incentive to seek full, cost-free preventive care services from a preferred network provider.

Like many of the new health care reform rules, the preventive care rules will be updated by the government and as changes occur, we will let you know. So when your next renewal takes place we'll have lots to talk about, and clear and complete communication to employees will be more important that ever. Until then, we trust that you will call or email with questions or comments. We love hearing from you.

If you know of others who might like to see this HCR update, feel free to pass it on, and to see all of SIG's updates about Health Care Reform, go to http://www.siginsures.com/employeebenefits.html.

Questions? Call your Account Manager directly or the Benefits Helpline at 206.957.7066.   www.SIGinsures.com