



BlueCross BlueShield of Illinois

Experience. Wellness. Everywhere.®

Health Care Reform: What's Next?

Harmony Harrington, Government Relations

March 2012

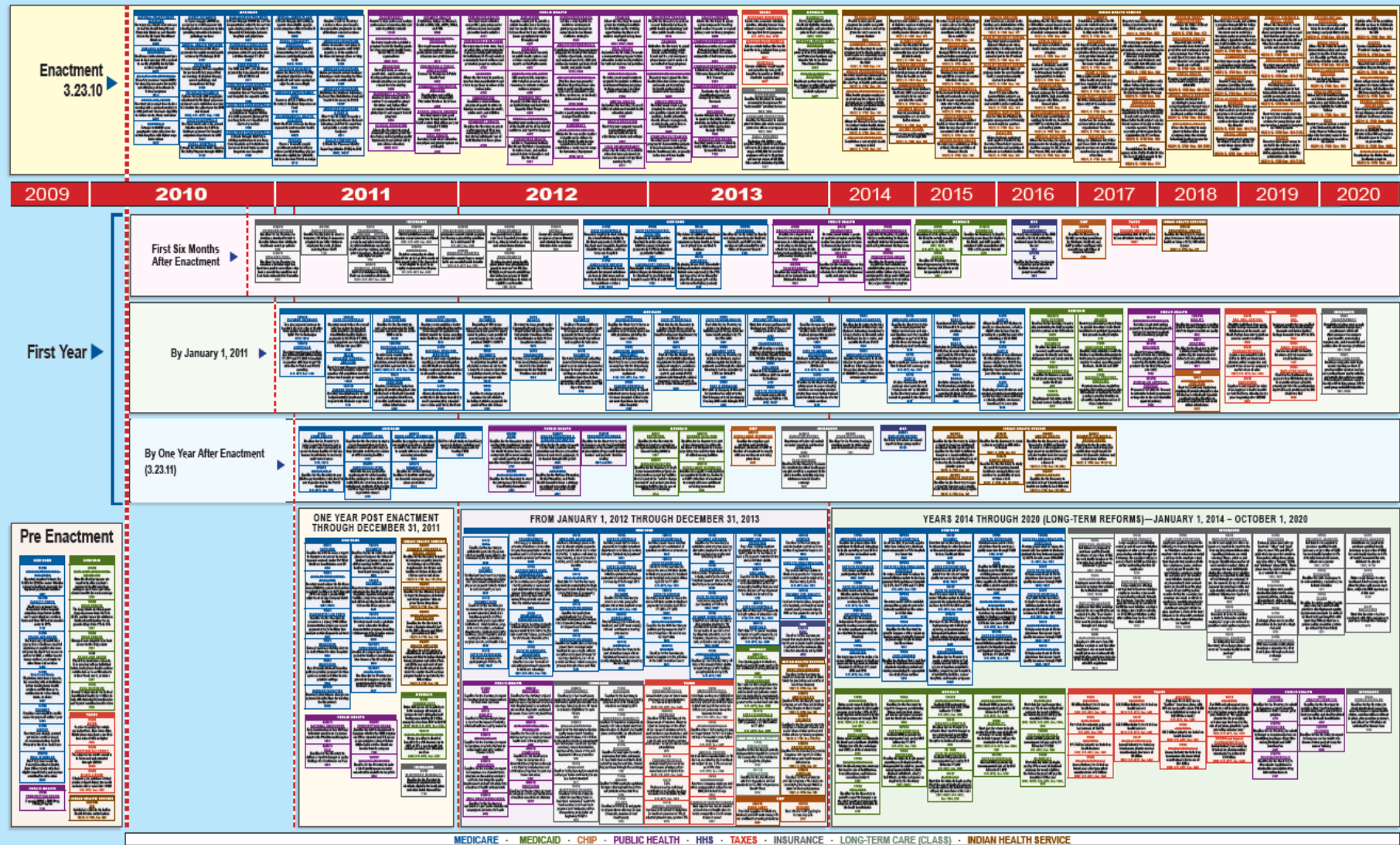


This presentation is a high-level summary and for general informational purposes only. The information presented is not comprehensive and does not constitute legal, tax, compliance or other advice or guidance.

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company,
an Independent Licensee of the Blue Cross and Blue Shield Association

IMPLEMENTATION TIMELINE OF THE HEALTH REFORM LAW

H.R. 3590, The Patient Protection and Affordable Care Act, P.L. 111-148, Signed into Law March 23, 2010; as amended by H.R. 4872, The Health Care and Education Affordability Reconciliation Act, P.L. 111-152, Signed into Law March 30, 2010





Stages of Health Reform

2010-2011

- Coverage Requirements
- Temporary High-risk Pools
- Premium Rate Review

2012-2013

- MLR Reporting and Possibility of Rebates
- Summary of Coverage
- Comparative Effectiveness Research Fee
- FSA Limits

2014

- Exchanges
- Individual & Employer Mandate
- Guaranteed Issue, Rating Bands, Risk Adjustment
- Small Business & Individual Subsidies
- Essential Benefits
- Annual Fee on Health Insurers, Tax Changes

Grandfathered Plans



- Effective for plan years starting on or after September 23, 2010
- For most groups January 1, 2011
- Each benefit plan carries its own grandfathered status
- Hiring employees or covering new members does not affect status
- Change in carrier or TPA does not automatically un-grandfather a plan

Excise Tax on High-Cost Plans



- Sometimes referred to as the “Cadillac Tax”
- Begins in 2018
- Insurers or plan administrators pay the tax
- Taxes the amount the cost if the plan per enrollee exceeds the threshold
- Threshold is higher for early retirees, retirees and high-risk occupations
- Calculations consider both employer and employee contributions

Role of a Public Exchange

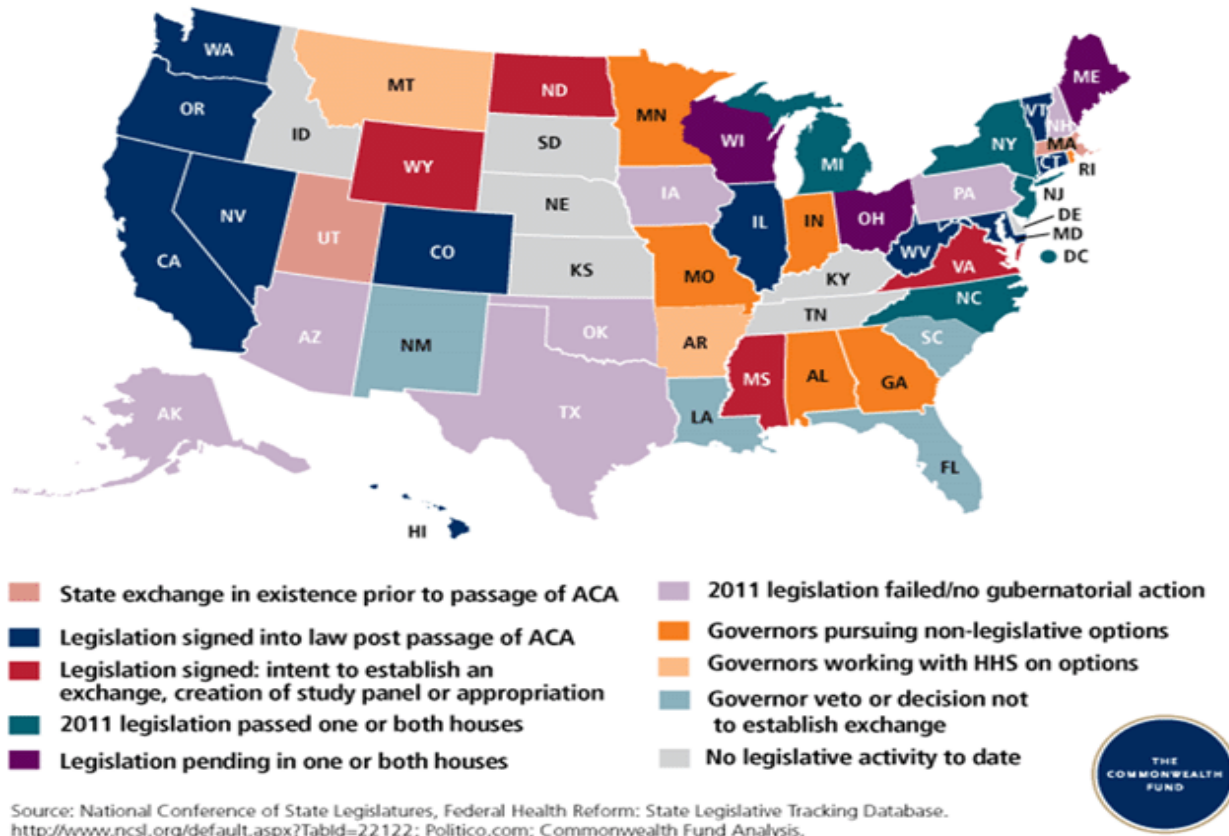


- Public exchanges are intended to provide a new online marketplace for consumers to shop, compare and enroll in health insurance coverage
- Public exchanges are intended to create a more organized and competitive market for health insurance by:
 - offering a choice of plans
 - establishing common rules regarding the offering and pricing of insurance
 - providing information to help consumers better understand the options available to them

Exchanges – by State

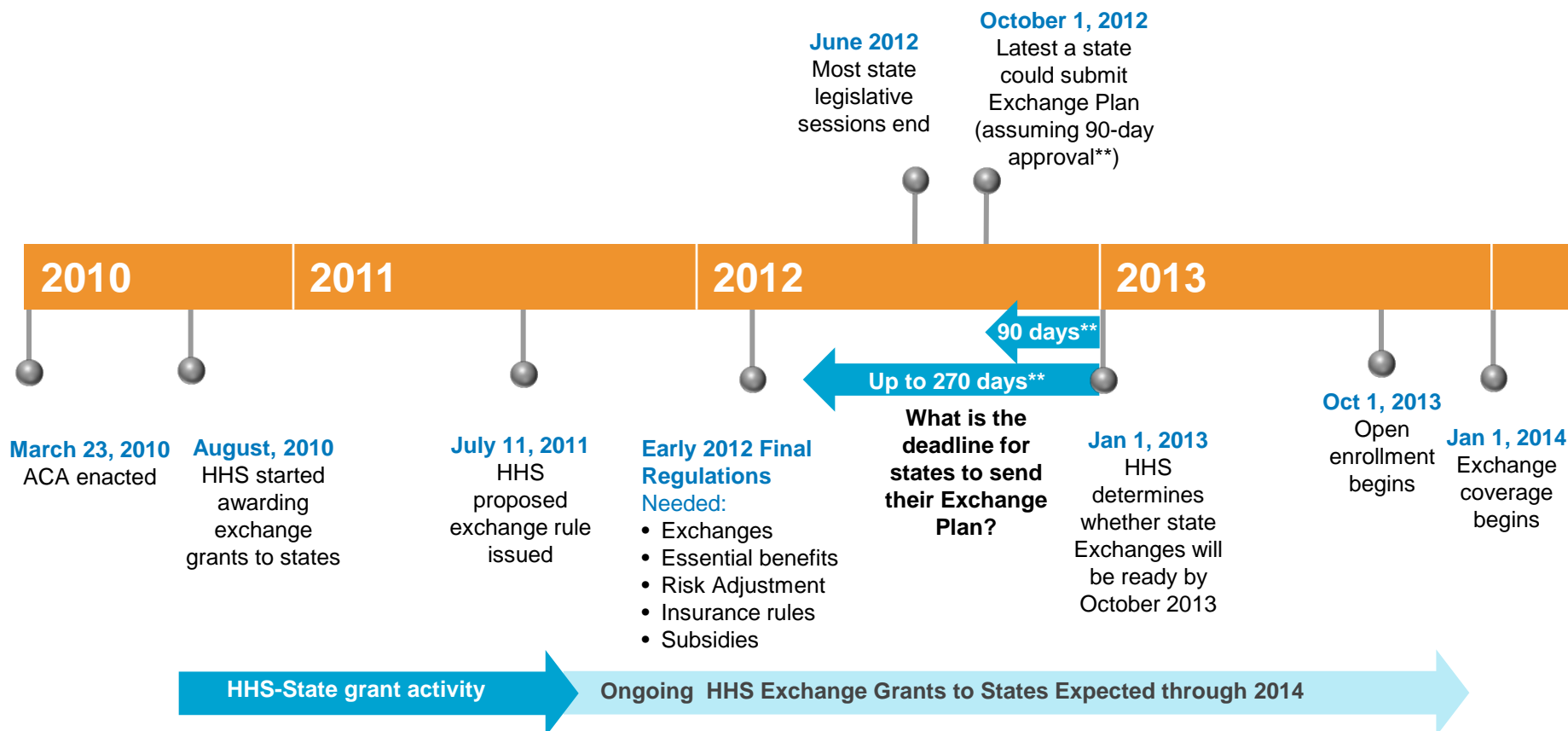


**Status of State Legislation to Establish Exchanges,
as of January 2012**



Exchange Implementation Timeline

Based on HHS Proposed Exchange Rule



* States consider legislation and regulations to meet requirements of final federal rules for exchanges and insurance reforms.

** HHS suggests at least a 90 day review time. If HHS requests additional information, they suggest they would have an additional 90 days for review. It is unclear how much time a state would have or need in order to provide the requested information to HHS. (States typically have 90 days for Medicaid)

Public Exchange Market Segments



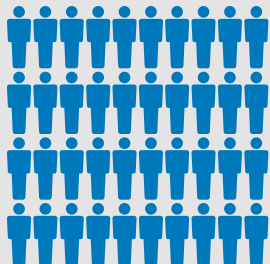
Individuals

- Can purchase health coverage through or outside of the exchange
- May be eligible for premium tax credit and cost-sharing subsidies for health coverage purchased through exchange if household income under 400% FPL



Small Group

- State flexibility to define as 1 to 50 (but only until 2016) or 1 to 100 employees
- Can purchase health coverage through or outside of the exchange
- Beginning 2014, must use exchange to purchase coverage to be eligible for tax credits
- No penalty for not offering coverage if employer has less than 50 full-time equivalent employees



Large Group

- Cannot purchase health coverage through SHOP Exchange prior to 2017 unless state gets a waiver
- May be allowed to use exchange beginning in 2017 if a state allows it



- Intent legislation passed - Illinois Health Benefits Exchange Law
- Plans to establish a state-run exchange
- Awarded \$1 million planning grant
- Awarded \$5+ million to establish exchange

Can our state government infrastructure support the additional role they will play in administering the Exchange and assisting the increased insured population?

Can our current access to hospitals, clinics and physicians sustain the increased market demand?

Can our education system meet the need for more doctors, nurses and other practitioners?

Will we have enough time to get ready?

What mechanisms need to be put into place to guard against adverse selection?

On the Horizon



Regulations



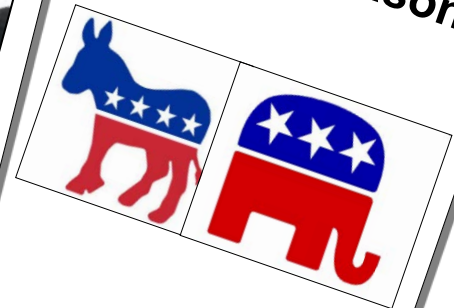
Economy



Federal / State Dynamics



Election Season



Will the Health Care Reform Landscape be Changing?



- Legal
 - Supreme Court ruling on ACA's individual mandate and other issues
- Political
 - 2012 Election
 - President
 - Congress
 - Control of Senate
 - Composition of each chamber
 - Deficit Reduction