

# Self-funded Plans and Health Care Reform: Challenges and Opportunities

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***Pioneering Specialists in***

***Group Health Care***

***Post-Payment Administration***

***For Over 20 Years***

**Customer Philosophy**

**Respect** for Existing Procedures

**Emphasis** on Customization

**FOCUS** on Solutions

# Overview of Presentation

- Intent:
  - Not a compliance “what to do?” review
  - Focus on “what does it mean?” issues.
- Approach
  - Overview of legislation and regulatory approach
  - Implications related to “5 Levers of Management Control”
  - Questions we need to be asking

## Health Reform: First Impressions

- Well-intentioned and done with intent.
- Necessarily complex but needlessly messy.
- May or may not survive political challenges.
- Will be modified by legal challenges.
- Will not reduce costs.
- Will be blamed for any future cost increases.
- Health reform debate will quiet for a time but will re-emerge in this decade.

# Health Reform: Overview of Legislation

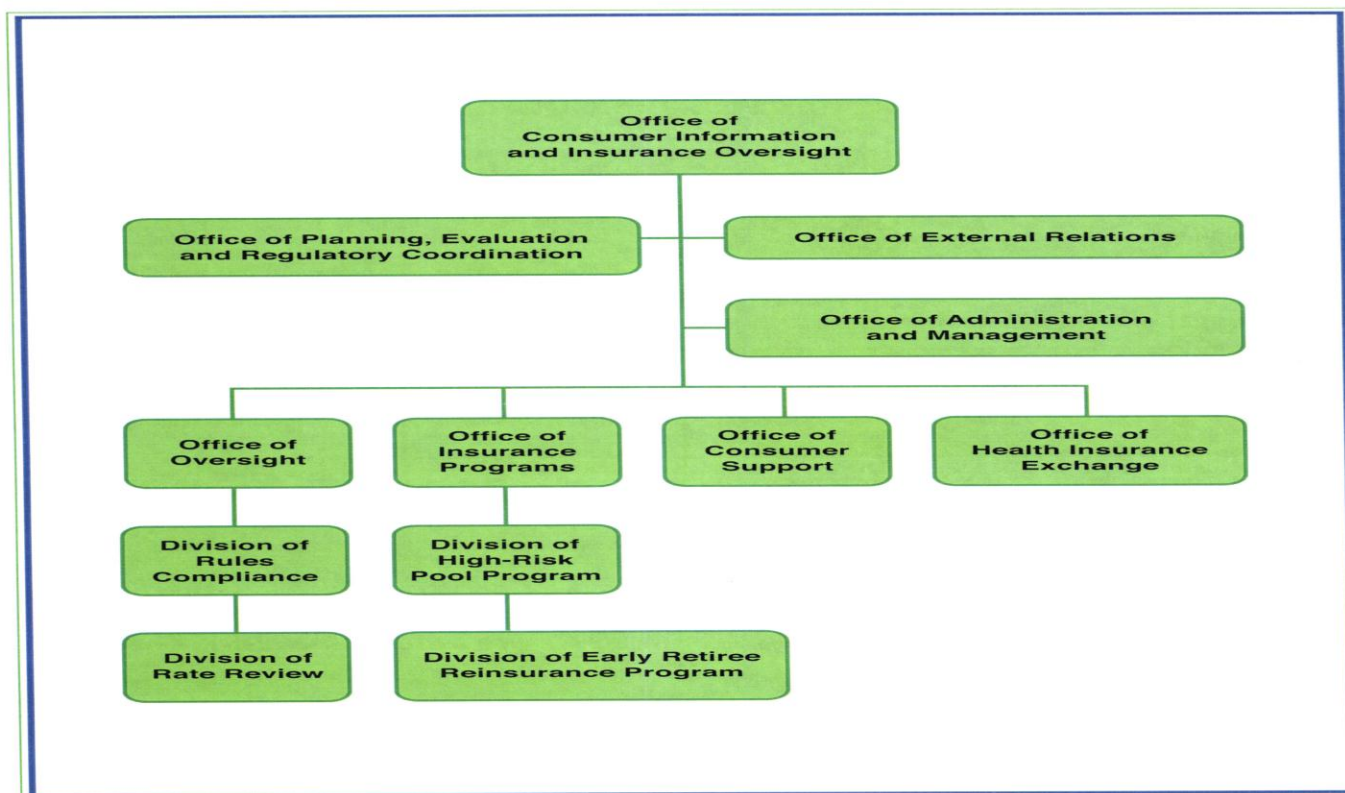
## *Patient Protection and Affordable Care Act (P. L. 111-148)*

- I. Quality Affordable Health Care for All Americans**
- II. Role of Public Programs
- III. Improving the Quality and Efficiency of Health Care
- IV. Prevention of Chronic Disease and Improving Public Health
- V. Health Care Workforce
- VI. Transparency and Program Integrity
- VII. Improving Access to Innovative Medical Therapies
- VIII. CLASS (Community Living Assistance Service and Support) Act
- IX. Revenue Provisions
- X. Strengthening Quality Affordable Health Care for Americans**

## The Impact of Health Reform: Overview of Legislation

- *Health Care and Education Reconciliation Act* (P. L. 111-152)
  - Amends P.L. 111-148 to reconcile House and Senate versions
  - Poor substitute for Conference Committee
- Lack of normal Conference Committee process results in complexities and inconsistencies that will need to be resolved via regulatory process
- Regulations coming from HHS, DOL and IRS but clear leader is HHS

# Health Reform; Overview of HHS Regulation



# Health Reform: Overview of Timeline

<b>Now</b>	<b>2010-2011</b>	<b>2012-2014</b>
Report SSNs to Medicare	Dependents covered to age 26*	New reimbursement account max
Retiree Drug Subsidy	No lifetime maximums*	RDS payments taxed
	Coverage of preventive health*	Individual coverage mandates
	Can't favor highly compensated	State insurance exchanges
Early Retiree Reinsurance	No rescissions	Employer coverage mandate (50+)
"Grandfather" status*	Limited pre-existing exclusions	Waiting periods under 60 days
		Payroll tax for high income
		Medicare spending cuts



## Health Reform: What Does it Mean?

- For consumers/enrollees
  - Covers more people
  - Covers more costs
- For plans
  - Insurers get some benefits
  - Self-funded plans take a hit

# Health Reform and Self-funded Health Plans

<b>Management Area</b>	<b>Change</b>	<b>Implications</b>
•Benefits	<ul style="list-style-type: none"><li>•New benefit provisions</li><li>•New communications</li></ul>	Documented compliance plan and process
•Administration	<ul style="list-style-type: none"><li>•New requirements</li><li>•New reporting</li><li>•New responsibilities</li></ul>	<ul style="list-style-type: none"><li>•Assure liability properly assessed</li><li>•Define Performance Contract</li></ul>
•Risk	<ul style="list-style-type: none"><li>•Range of new liabilities being assumed</li></ul>	<ul style="list-style-type: none"><li>•Document potential impact</li><li>•Monitor actual impact</li></ul>
•Claims	<ul style="list-style-type: none"><li>•New entitlement rules</li><li>•New reporting</li></ul>	<ul style="list-style-type: none"><li>•Basis for monitoring and auditing</li><li>•Re-defines “routine” access</li></ul>
•Enrollment	<ul style="list-style-type: none"><li>•New eligibility rules</li><li>•New enrollment procedures</li><li>•Need to know facts about family income</li><li>•Need to track each enrollee</li></ul>	<ul style="list-style-type: none"><li>•Area of greatest change and liability</li><li>•Area most in need of monitoring</li></ul>

# Health Reform: Why Focus on Enrollment?

- This is how the federal government regulates
  - Common to HHS, DOL, and IRS
  - Part of present and future changes  
(SSN, RDS, ERRP, 19-26 year olds, Exchange Elections)
- New requirements center on enrollment
  - Account for each individual enrollee
  - Document family income
- Most common employer misperception
  - Cannot rely on Payer: Payer and Employer interests are at odds
  - 19-26 year old requirement
    - Increases need for monitoring to include other coverage
    - Does not eliminate need for ineligible monitoring
      - 2/3 of all ineligibles are not 19-26.
  - Rescission requirements do not mean acceptance of fraud

## Health Reform:

### What other changes are likely?

- Discounts from charges are meaningless for assessing payment levels.
  - Medicare is now the base
  - Question is not “How much less than charges?”
  - Question is now “How much more than Medicare?”
- ERISA pre-emption appears to be dead.
  - Benefit mandates apply to insured and self-funded alike.
  - State Exchanges can and will take different paths and multi-state employers must comply with all.

## Health Reform: Big Unknowns

- How will Medicare cost cuts impact employer plans?
- Will employer and consumer interests align?
  - Yes means self-funded plans should thrive
  - No means self-funded plans may not survive

## Health Reform:

# What Self-funded Plans Should Do

- **Have a Compliance Plan**
  - Do not wait for things to happen to your plan.
  - Make things happen for your plan.
  - Reform will be an opportunity for those who do.
- **Monitor Risk and Costs Increases**
  - Get the data you need on a routine basis.
  - Establish baseline and monitor increases.
- **Address Enrollment**
  - Do not ignore or delegate to payers.
  - Get organized.
  - Bundle and manage compliance requirements.

For More Information  
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We offer no-cost consultations  
to answer questions and discuss options.