

# New ACA Cost Sharing Rules: Are Over & Under Payments Inevitable?

Presenter:

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***Pioneering Specialists in***

***Group Health Care***

***Post-Payment Administration***

***For Over 25 Years***

**Customer Philosophy**

**Respect** for Existing Procedures

**Emphasis** on Customization

**Focus** on Solutions

# Overview of Today's Session

## Responses to the New ACA Cost Sharing Rules

Not a new subject.

But a new situation.

How are employers responding?

# March 2013 Webinar: Mechanics of Cost Sharing

<b>Deductible</b>			<b>Co-insurance</b>
<b>0 Deductible</b>	<b>Plan Type</b>	<b>Deductible Max &lt;\$200ee/&gt;200ee</b>	Amount (often %) due after deductible
70%	<b>HMO</b>	\$114/\$467	
23%	<b>PPO</b>	\$1,260/\$563	
40%	<b>POS</b>	\$1213/\$664	
0%	<b>HDHP</b>	\$2,386/\$1,881	
<b>Co-pay</b> triggered by service or event as demanded			
<b>Out-of-Pocket (OOP) maximum</b> where cost sharing ends			

Henry J. Kaiser Family Foundation  
Employer Health Benefits 2012 Annual Survey

<http://ehbs.kff.org/?page=abstract&id=1>

## ACA Cost Sharing Requirements

### Pre-ACA

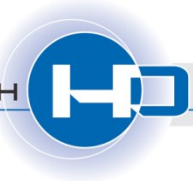
- Copays assessed independently
- Deductibles assessed independently
- OOP Maximum calculations set plan-by-plan

Difficult to detect error.  
Impossible to enforce.

### Post ACA

- Preventive has 0 cost sharing
- Copays+deductible+coinsurance all count toward OOP Maximum
- OOP Maximum calculations defined by law

Error easier to detect.  
Enforcement possible practically and legally.



# Impact of New ACA Cost Sharing Rules

1. Preventive Care defined and Cost Sharing banned.
2. Cost-Sharing and Out-of-Pocket (OOP) limits set for In-Network benefits.
3. All OOP Maximum (OOPM) calculations are standardized for In-Network benefits.

# Employer Responses to Impact #1

## Preventive Care Defined and Cost Sharing Banned.

- Assumed being done by the plan's payer.
  - Maybe –
  - Maybe Not.
- Classic “Trust but verify” situation.
  - Are all services included? Often not.
  - Are copays always waived? Often not.
  - If not, legal exposure may exist.

# Employer Responses to Impact #2

## Cost-Sharing and Out-of-Pocket (OOP) Limits Set for In-Network Benefits.

Limits do not fall evenly across all employers

- Those currently above limits must change.
- Those using cost sharing strategically may be limited or even penalized.
- Those using carve-outs (for RX or other EHB) face unique challenges.



# Employer Responses to Impact #3

## All OOP Maximum (OOPM) Calculations Standardized for In-Network Benefits

Strategy #1: Design Divide

Strategy #2: Coordinated Calculation

Strategy #3: No Carve-outs

# Impact of Employer Responses

- Will ACA's new rules bring order to the chaos of cost sharing? Probably not.
- Will ACA protect consumers or complicate an already complicated situation? Probably both.
- Will ACA's focus on consumer over payments result in increased under payments that cost employers more? Yes.

# Possible Employer Responses

- At a Minimum Employers should
  - Verify current enforcement of new rules
  - Look for Over AND Under Payments
- Anticipate the need for
  - Over Payment Resolution Policy
  - Under Payment Resolution Policy

# ACA Cost Sharing Over & Under Payment

	Employee Overpaid Plan Underpaid	Employee Underpaid Plan Overpaid
Preventive services error	\$	
Copay assessment error	\$	
Copay waiver error		\$
Deductible assessment error	\$	
Deductible waiver error		\$
OOP Max too late	\$	
OOP Max too soon		\$

# Possible Employer Responses

- Change creates Opportunities
  - Re-think cost sharing:
    - Currently a condition of service used for “steerage” and risk reduction.
    - Instead, no cost sharing if payments below plan fee.
  - Use cost sharing as a way of engaging employees in monitoring provider billings.
    - Confirm service scope and satisfaction.
    - Link patient billings, plan EOBs and plan payments

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