



an informational series for hospital leaders

September 22, 2010

Health Care Reform Insurance Changes Effective September 23, 2010

The Patient Protection and Affordable Care Act (PPACA) enacted on March 23, 2010, contained numerous reforms to the commercial health insurance and the self-insured markets which will be phased in over the next 5 years. However, some new protections must be implemented beginning September 23, 2010, the six-month anniversary of the enactment of the law. While some of these changes will affect all health insurance plans as they renew after September 23, others will not apply to plans that were in place prior to March 23, 2010 (“grandfathered” plans).

Reforms that will affect all plans issued or renewed beginning September 23, 2010 include:

- **Elimination of lifetime dollar limits**
Plans will be prohibited from imposing lifetime dollar limits.
- **Restrictions on annual dollar limits**
In general, plans cannot impose annual coverage limits of less than \$750,000 for essential health benefits, including hospital services and emergency services (the maximum limits will increase each year, until they are eliminated in 2014). This provision applies to grandfathered group plans, but does not apply to grandfathered individual coverage.
- **Improved coverage for children**
While already required under Illinois law, self-insured plans, which are exempt from the State law, will now be required to allow coverage for adult children under age 26 if the plan provides coverage for dependents.

Reforms that will only apply to plans issued after March 23, 2010 (i.e., these reforms will not apply to grandfathered plans), include:

- **Coverage for preventive services**
All health insurance plans will be required to provide first-dollar coverage (no co-payments, deductibles or co-insurance) for a defined set of preventive benefits. The complete list of preventive services covered as of September 23, 2010 for adults, women and children can be found at the

U.S. Department of Health and Human Services' website, HealthCare.gov (<http://www.healthcare.gov/law/about/provisions/services/lists.html>).

- **Appeal rights**
With the passage of Public Act 096-0857, effective July 1, 2010, all Illinoisans with health insurance were guaranteed the right to an independent, external review of claims denied by a health insurance company on the basis of a determination of "medical necessity." With the passage of the PPACA, self-insured plans will also be required to provide an independent, external review of denied health insurance claims.
- **Prohibition on preexisting condition exclusions for children**
PPACA prohibits all preexisting condition exclusions for children under age 19. In addition, the new law includes rules to prevent insurance companies from denying coverage to children under the age of 19 due to a pre-existing condition.
- **Emergency services**
All plans will be prohibited from requiring "preauthorization" for emergency health services and a patient cannot be penalized for visiting a hospital outside of a plan's network for emergency services. Further, plans cannot charge the patient a higher co-payment than if the emergency care was provided by an in-network hospital.
- **Women's health**
A woman may receive treatment from a network obstetrician or gynecologist without first having to obtain a preauthorization or referral from her primary care provider.

Additional PPACA reform information can be found at the Illinois Department of Insurance web site at: <http://www.insurance.illinois.gov/hiric>.

This information is being provided for your information. However, you may receive questions from patients regarding whether these new changes apply to them. Additionally, these changes will likely affect your billing department in terms of how insurers and self-insured groups reimburse for services under group and individual plans. Consequently, you may wish to share this information with your patient financial services staff.

If you have any questions relating to these changes, please contact Bill McAndrew, Senior Director, Finance at bmcandrew@ihastaff.org or (217) 541-1179.