

Health Reform FAQs

1. How is the new law affecting health plans?

The following is a summary of the key mandates affecting health plans since September 23, 2010:

- No lifetime limits on the dollar value of essential benefits
- No annual dollar limits for essential benefits
- Preventive services provided with no member cost sharing including Copayments, Coinsurance, or Deductibles when received from a plan provider
- Coverage for emergency services without pre-authorization, and at the same Copayment or Coinsurance level in- and out-of-network
- Coverage may be rescinded only for fraud
- No pre-existing condition exclusions for children under age 19
- Coverage of adult children up to age 26

2. Do the Optima Health plans include all of the mandates under the new law?

Yes, Optima Health plans will include the new mandates, however, grandfathered plans do not have to include coverage of preventive services with no-member cost-sharing, or coverage of emergency services at the same cost level whether in or out-of-network.

3. What is Optima Health recognizing as grandfathered plans within the new law?

Optima Health is extending grandfather status for:

- Eligible members of Individual Plans
- Self-funded employers
- Companies with plans subject to collective bargaining agreements

Companies and individual members that have the option to grandfather health plans should carefully review and consider their obligations, opportunities, and risks under the new law.

Optima Health made a number of considerations in developing its policy:

- Administrative complexities and costs associated with grandfathering
- The number of employers potentially willing to comply with rules for grandfathering over the next several years
- Members' access to new mandates included in provisions of Subtitles A and C of Title I of the Affordable Care Act

Note: Self-funded employers are responsible for the medical claims of covered employees. In a self-funded arrangement, the Health Plan only administers the benefits and is not financially responsible for claims.

4. Can any changes be made to grandfathered plans without losing its status?

Yes. Grandfathered health plans will be able to make routine changes to its policies and still maintain its status as a "grandfathered" plan. The changes include cost adjustments to keep pace with medical inflation, adding new benefits, making adjustments to existing benefits,

adopting new consumer protections under the law, or making changes to comply with State or Federal laws. Plans will lose grandfathered status if it makes significant changes that reduce benefits or increase costs.

5. Under the new law do the mandated benefits apply to stand-alone vision and dental plans?

No, the new law only covers major medical plans.

6. What is the impact to rates because of the new mandates under health reform?

Optima Health estimates an increase to the base rates of 1-4percent for large group plans and 2-3percent for small group and individual plans. This reflects the added medical expenses of providing coverage of dependents up to age 26, the elimination of member cost sharing on preventive services, and other new mandates. As in the past, there may be additional increases unrelated to health reform.

7. Under the new law, what are the changes to the Optima Health plans as it relates to preventive services?

Certain recommended preventive care is now covered with no member cost sharing, including Copayments, Coinsurance, or Deductibles when received from an Optima Health in-network plan provider. Depending on your plan, if you see an out-of-network or non-plan provider for preventive care you will have to pay a Copayment, Coinsurance, or Deductible. Please visit our website at optimahealth.com for the most up-to-date list of covered preventive care services. **Note:** Additional women's preventive services will become effective August 12, 2012 on a roll-in basis for all group and individual product members.

8. Do the new mandated benefits effective September 23, 2010 apply to Medicare and Medicaid plans?

No.

9. How does the new law address pre-existing conditions?

Under the new law pre-existing condition exclusions will not apply to children under age 19. Children under age 19 cannot be declined coverage under their parents plan because of a pre-existing condition.

10. What is the age 26 new mandate under the law?

Effective at renewal dependents up to age 26 can be included on their parent's medical insurance policy at the parent's choice. Dependents may now be covered until the end of the month of their twenty-sixth birthday. Optima Health will administer this mandate on a roll-in basis at a group's renewal beginning in October 2010. This new mandate does not apply to stand-alone vision, dental, or pharmacy policies.

11. What is the current age cut-off for dependents under the Optima Health plans?

For groups who have not gone through a renewal since September 23, 2010, our dependent age limit for most of our group plans is the end of the month a dependent turns 19 unless they are a full time student. With proper annual verification documentation, a student may remain a dependent on our plans until graduation or the end of the month they turn age 24, which ever happens first.

12. When can I enroll my dependent up to age 26?

In compliance with the law, as groups renew, on or after September 23, 2010, dependents up to age 26 can be enrolled on their parent's medical insurance policy during the month of the group's renewal regardless of the dependent's student, financial, or marriage status. The subscriber has 30 days to add the dependent. If the dependent is added within the 30-day period, coverage will begin on the plan renewal date. If the dependent is not added within the 30-day period, the dependent will have to wait until the next open enrollment or a qualifying event.

13. Who is eligible?

Any dependent, which is defined as a person up to age 26, is eligible to enroll under a parent's health plan. This rule applies to all individual plans, as well as new and renewing group plans. Members enrolled in grandfathered health plans may be required to verify that they do not have access to their own employer-sponsored health care. Dependents do not have to live with their parents, nor be reported on their parent's tax filings. Both married and unmarried dependents are eligible. A dependent's spouse or dependent child is not eligible.

14. What operational decisions has Optima Health made to comply with the law by September 23, 2010?

For Group Plans

As groups renew, dependents between the ages of 19 and 26 can be enrolled effective with the group's renewal regardless of the dependent's student status. The subscriber will have 30 days to add the dependent for the effective date of coverage.

The following example may help you understand this change:

If a subscriber has a plan with an effective date of October 1, 2010, or later, and decides to add their 23-year-old dependent, the subscriber will have 30 days from the time that their employer provides written notice, during the open enrollment period, or at renewal, to make this change. If the dependent is added within the 30-day enrollment period, coverage will begin on the group's effective date. If the subscriber does not add the dependent at open enrollment, they will have to wait until the group's next open enrollment or qualifying event to add the dependent.

For Individual Plans

Effective September 23, 2010, dependents that are under the age of 19 will not be subject to exclusions of pre-existing conditions.

Also effective September 23, 2010, dependents up to age 26 will be eligible to apply for coverage under their parent's plan.

15. Will there be an impact to rates because of this new mandate as it relates to age 26?

Yes. All of the 2010 mandates under health reform are estimated at this time to impact our rates. The addition of new dependents to existing coverage will increase medical expenses, and therefore premiums.

16. Do these dependents have to be a student to take advantage of this new age 26 mandate?

No, however this new mandate does not apply to stand-alone vision, dental, or pharmacy policies and student status verification may still be required for those plans. Please check with your employer for more information about student verification requirements.

17. When a dependent turns 26, what will be their last day of coverage with an Optima Health plan?

A dependent will be eligible for coverage until the last day of the month in which they turn 26.

18. Will pregnancy be covered for these new age 26 dependents?

Yes, if the plan coverage for the group that the dependent is under includes maternity for their dependents. Not all groups purchase the dependent maternity option for their plan. The baby, however, would not be covered.

19. As an employer, is there anything I need to do in advance of my normal renewal process for my Optima Health plans?

No, your Optima Health representative will review your plans as you approach renewal and will discuss your renewal process as in the past. As always, if you have questions, your Optima Health representative is available to assist you.

20. What impact will health reform have on physicians and providers?

Optima Health is committed to ensuring that our network of providers are up-to-date on the benefit changes for Optima Health plans under new law. We encourage our providers to consult with their industry associations and experts on how the new laws will impact their practice or facility.

21. Are there tax implications because of the health reform law?

Yes, there are many new tax implications that are a result of the health reform law. We recommend that our customers consult a professional tax advisor to ensure they are fully informed of these new tax laws and the impact they may have on their business.

22. What is Optima Health doing to prepare for the mandate regarding the opting-out of medical coverage for companies with 200 or more full-time employees?

The new law will require companies with 200 or more full-time employees to automatically enroll their employees in medical health benefits. If an employee does not desire such coverage, they must opt-out of this coverage during their enrollment period. At this time, we are waiting on the regulations from the federal government regarding this portion of the law.

23. What impact has the new mandates had on the Optima Individual plans since September 23, 2010?

There are some members under age 26 who now qualify under a parent's group plan and will choose to dis-enroll in the individual plan. In addition, there are many mandates under the new law that applies to these types of health insurance plans. As a result, the Optima Health individual plans now have:

- No lifetime maximum coverage limits

- No cost-sharing differential for in-network and out-of-network emergency services
- Members under the age of 18 must be a dependent on a family policy

24. Will current Optima Individual members be able to renew their current plan under the new law?

Yes. Any current Optima Individual member can renew their current plan, which will include the removal of lifetime coverage limits. However, they have the option at renewal of moving to any plan, which will include all the new mandated benefits with underwriting approval.

25. Are Optima Individual applicants able to apply for older plans available prior to the enactment of the new law?

No. Only existing Optima Individual members can renew their current plan. All new applicants will only be able to apply for plans that include all the new mandated health benefits.

26. How has health reform impacted retroactive termination policies for employers?

Under the new mandates, coverage cannot be terminated retroactively if the employee or member was allowed to continue coverage and incurred claims after termination of employment or eligibility, and/or the employee or member paid premium or contributed to the cost of coverage after termination of employment or eligibility. In these cases, Optima Health can only terminate the member's coverage with a future date of termination. Coverage will usually end on the date through which premiums were paid.

27. What is covered as an essential benefit under the Optima Health plans?

As of July 1, 2011, for all fully insured small and large groups, Optima Health has removed the annual limits on early intervention services. Annual limits have also been eliminated from orthopedic and prosthetic durable medical equipment (DME) and replaced with a 30-percent Coinsurance for all plans except Design and Equity Consumer-Directed Health Plans (CDHP). For artificial limbs, a 30-percent Coinsurance will apply to all plans except CDHP plans. We anticipate further regulations and will make necessary adjustments to comply with the federal mandates as they become effective.

28. What other resources are available to learn more about the new health reform law?

While there are also many websites / organizations that are disseminating their interpretations and opinions about the new law, we recommend the following websites as credible sources:
www.healthcare.gov/law/about/index.html - Health and Human Services Health Care Reform
www.irs.gov - Internal Revenue Service, US Department of the Treasury
www.dol.gov/ebsa/healthreform - Department of Labor website for employer group health plans
www.hhs.gov/ociio/regulations - Office of Consumer Information and Insurance Oversight
www.scc.virginia.gov/division/boi/webpages/healthreform - Virginia Bureau of Insurance

*** If you need information as to whether or not you are on a grandfathered health plan, please contact Member Services at the number located on the back of your member ID card.**

The information contained herein is based on our interpretation of the health reform changes. Due to the complexities and ambiguity with health reform, the information contained herein should not be relied upon or construed as a legal opinion. Please consult your own advisors and/or the Department of Labor for specific advice. Check optimahealth.com for updates to this document, as well as updates on other health reform issues that may impact Optima Health customers, members, brokers, and providers.