

Important information



Understanding health care reform

We'd like to help you understand how recent health care reform legislation affects your health benefits plan. While many of the provisions will not go into effect until 2014, several provisions will affect your health benefits plan this year. Some changes under the legislation are required for all plans, while others may be optional if your plan meets certain qualifications for a "grandfathered" status. Here's an overview of the changes we are making and important information about the requirements necessary to maintain a "grandfathered" plan:

| | Required for all plans | Not required for "grandfathered" plans | Changes needed for your plan? |
|---|------------------------|--|---|
| Coverage for dependents to age 26 | ● | | Yes, updating contract to include coverage for dependents to age 26. |
| 100 percent coverage for preventive care from in-network providers | | ● | If you determine that your plan does not qualify as "grandfathered," you must select a new plan that provides 100 percent coverage for preventive care. |
| No lifetime dollar maximums on essential benefits (e.g., \$1,000,000 lifetime max for out-of-network care) | ● | | Yes, removing lifetime maximums from Personal Choice® and Keystone POS plans |
| No annual dollar maximums on essential benefits (e.g., \$2,500 annual benefit for durable medical equipment) | ● | | Yes, removing annual dollar maximums from all plans |
| Prohibit rescission of coverage except in cases of fraud, intentional misrepresentation of material fact or nonpayment of premium | ● | | Contracts will be updated to clarify this requirement. |
| Internal appeals and external review processes ¹ | | ● | Enhancing the appeals process to comply with health care reform revisions |
| Cover out-of-network ER visits at the in-network level | | ● | All plans currently comply |
| Ability to select a pediatrician as a primary care physician | | ● | All plans currently comply |
| No referrals for OB/GYN care | | ● | All plans currently comply |
| Elimination of preexisting-condition exclusions for children | ● | | All plans currently comply |

What is a "grandfathered" plan?

Generally, a plan is considered "grandfathered" if it existed on or before March 23, 2010, when the health care reform bill was signed. However, there are circumstances under which a plan can lose its grandfathered status. They include:

- change in insurance carrier, policy, certificate, or contract;
- elimination of all benefits to diagnose or treat a particular condition;
- any increase in coinsurance;
- increase in deductibles or copayments subject to the applicable cost-adjustment test established by the federal government;
- an increase in employee contribution of more than 5%.

It is important to note that if your current plan does not meet the requirements for a grandfathered plan, you must make a benefits change to comply with health care reform. You may choose one of the options highlighted in this package or contact your broker or Independence Blue Cross (IBC) account executive for alternative options that comply with health care reform.

Tax credits for small businesses

Did you know that health care reform can benefit you, too? You may be eligible for tax credits of up to 35% of your annual premium costs if you:

- pay at least 50% of your employees' health care costs;
- have no more than 24 full-time employees;
- pay your employees, on average, less than \$50,000 a year.

Make sure you take advantage of all possible deductions when you file your 2010 taxes.

The information provided in this flyer is not legal and/or tax advice from IBC. IBC recommends that employer groups work with their legal counsel/tax advisors regarding the employer group's specific duties and obligations under health care reform laws/regulations.

¹ IBC has elected to provide this appeals enhancement regardless of grandfathered plans.