Adapting for success in a new world

Health Reform Updates 2015 and beyond

UnitedHealthcare®

Today's discussion

- Yesterday, today and tomorrow
- Exchanges

NEW WORLD OF REFORM.

We are with you every step of the way.

Health reform continues to change. Always consult with latest ACA guidance and with your own corporate counsel.

Health reform timeline

UnitedHealthcare®

2010 to 2013

- Preventive services at no cost [G]
- Coverage for dependents up to age 26
- New appeal rules
- Patient protections
- Medical Loss Ratio
- FSA contributions limited to $2,500
- SBC requirements
- PCORI fee begin
- W-2 reporting on the value of employer-sponsored health benefits

2014

- Clinical trials coverage [G]
- **Essential health benefits - small employers [G]**
- Guaranteed issue and renewability [G]
- **Public Exchanges (FFM and state-based)**
- **Individual mandate**
- Insurer fee - permanent
- No annual dollar limits
- No pre-existing condition exclusions
- OOP maximum limits [G]
- **Adjusted community rating – small groups [G]**
- Transitional reinsurance fee (2014-2016)
- 90 day waiting period limits

2015 & beyond

- **100+ employer mandate (2015)**
- **50-99 employer mandate (2016)**
- **Employer reporting**
- **ICD-10 code adoption**
- Expanded definition of small group (2016)
- All small groups must be on EHB and ACR [G]
- High-value plan excise tax begins (2018)
- Medicare Part D “donut hole” closed by 2020
- States can open Marketplaces to CHIP eligible (2015) and all employers (2017)

Implementation Delayed Until Regulations Are Released

- Auto-enrollment for groups with 200+ FTEs
- Non-discrimination rules apply to insured plans[G]
- Small business wellness grants
- Quality of care reporting requirements

G = does not apply to grandfathered

Note: some provisions apply only to fully insured business (e.g., MLR and guaranteed issue)

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A world of changes and opportunities

- Today's health benefit environment is going through fundamental market changes as reform delivers new rules, product , prices and channels.

- Insurers are pressured to find more efficiencies while using innovation to bring financial, clinical, coverage solutions to market that help simplify care, provide increased access, and help everyone lead a more healthy and productive life

- Employers are challenged and are moving to various strategies such as defined contribution, modifying or dropping coverage, or moving to public or private exchanges that shift costs to consumers

- Consumers have increased financial responsibility for coverage and costs of care and for examining alternatives through exchanges, Medicaid or individual markets

Market dynamics

Rise of direct to consumer

- Consumer expectations are influenced models/experience from other industries
- Trusted brands help differentiate
- Future health consumer demands could be shaped b emerging technology, niche entrants and unique partnerships

Employers sponsorship of coverage

- Most employers are dedicated to providing coverage but leakage is occurring
- Level and speed of dropping coverage depends on may variables Large employers have dropped coverage for portions of workforce
- Small groups dropping coverage for low wage and unskilled workers
- Some employers joining purchasing groups and private exchanges

Funding conversions

- ACA regulations are fueling a move to ASO
- State regulations may deter small group movement to ASO
- Mid market accounts want simple and consistent ASO solutions
- Some self-funded employers moving to fully insured with move to private exchanges

New channels

- New technologies and entrants emerge as health care reaches more individuals and challenge to deliver innovations continue
- New models disaggregate individual and the employer coverage
- New ways to access coverage has disrupted the traditional B2B model
- Supplier consolidation and increased new revenue streams
- Models used in one segment are moving to other segments

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Questions