



Regence

Regence BlueCross BlueShield of Utah is an Independent
Licensee of the Blue Cross and Blue Shield Association

Health Care Reform: Annual Dollar Limits FAQs

Under the new federal health care reform law, for all new and renewing contracts after September 23, 2010, health insurers must remove annual dollar limits on covered services on individual and group policies of all sizes that the U.S. Department of Health and Human Services (HHS) considers “essential health benefits.” The following are the most “frequently asked questions” about how benefit specific dollar limits will be removed on nearly all Regence policies.

1. What guidance did HHS issue on annual dollar limits?

Initial guidance on annual limits was released in June 2010; however, this guidance did not specifically address benefit-specific dollar limits. In late September 2010, HHS clarified that annual dollar limits on specific essential benefits are not permissible.

2. What are essential benefits?

The new law identifies general categories of benefits that are included as essential benefits, but not specifically which benefits. Here are the categories:

- *Ambulatory patient services*
- *Emergency services*
- *Hospitalization*
- *Maternity and newborn care*
- *Mental health and substance use disorder services, including behavioral health treatment*
- *Prescription drugs*
- *Rehabilitative and habilitative services and devices*
- *Laboratory services*
- *Preventive and wellness services and chronic disease management*
- *Pediatric services, including oral and vision care*

3. How is Regence implementing the guidance regarding annual dollar limits?

As the definition of essential benefits in the new reform law is broad, and specific clarification through federal rulemaking is not expected until late 2011, Regence will treat all benefits offered by Regence as essential benefits, except dental services, vision and adoption in Utah. Additionally, vision screening for children up to age five and oral health risk assessment for preschool children are considered essential benefits for all Regence plans.

4. Is there any annual dollar limit allowed on essential benefits?

Yes, beginning September 23, 2010, all essential benefits can be limited to an aggregate annual dollar limit of at least \$750,000. Beginning October 2011, the limits rise to at least

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\$1,250,000 and from October 2012 until 2014, \$2,000,000. (Annual dollar limits on essential benefits are prohibited beginning in 2014).

5. When will Regence make these changes?

Regence has chosen to implement the \$2,000,000 annual dollar limit on all essential benefits effective immediately in order to limit yearly adjustments to this provision on all new plans or plans renewing on or after October 1, 2010. Plans that have already renewed will receive updated contracts and benefit booklets to reflect these changes.

6. Are other types of limits permitted for essential benefits?

Yes, while the law explicitly prohibits benefit-specific dollar limits, alternative limits remain permissible, such as days/visits, etc. Therefore, plans are not required to make changes to non-dollar limits.

7. While all annual dollar limits will be removed, can they be replaced with other types of limits?

HHS and state regulators have shown some flexibility in allowing carriers' to replace some dollar limits with non-dollar limits.

8. What will happen to claims that were processed for affected members on or after October 1, 2010 that exceeded the benefit specific annual dollar limits?

They will be reprocessed to comply with the removal or conversion of dollar limits for essential benefits.

9. Will premiums increase because essential benefit dollar limits have been removed?

Most likely, yes. However, the amount of increase varies by benefit plan, and whether or not other types of limits are implemented. Regence will provide notice of the timing and amount of any premium increase. For groups that follow our recommended changes, there will be no change to final rates issued for contracts already renewed or sold October 1, 2010 through January 1, 2011. Please contact your Regence Sales Representative to learn more about how your premiums and benefits will be affected.

10. Do these changes affect retiree benefit plans?

No, these provisions do not impact retiree-only plans.

11. Where can I find out more information about what Regence is doing to comply with the Annual Dollar Limits provision under the health care reform law?

For individual and small group (2 to 99 employees) standard products please see the following grid. For large group impacts, please contact your Regence Sales Representative.

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Group Plans (2 – 99 employees) – Benefits effective for new and renewing groups on or after October 1, 2010

Category	<u>Current Limits</u>	<u>Essential Benefit Changes</u>
	Innova/Engage/ Activate/HSA 2.0	For new and renewing groups on or after October 1, 2010
Annual Limit	NA	\$2,000,000 annual limit
Adoption Indemnity Benefit	\$4,000 per adoption	No change (not an essential benefit)
Dental Hospitalization	\$1,000 per calendar year	No limit
Durable Medical Equipment	\$7,500 per calendar year	No limit
Genetic Testing	\$5,000 lifetime limit	No limit
Neurodevelopmental Therapy (Inpatient and Outpatient)	\$1,500 per calendar year	Inpatient: no limit Outpatient: 40 visits per calendar year
Orthotics	\$500 per calendar year	No limit
Prostheses	\$20,000 per calendar year	No limits
Rehabilitation Inpatient	\$25,000 per calendar year	15 days per calendar year
Rehabilitation Outpatient	\$1,500 per calendar year	40 visits per calendar year
Temporomandibular Joint Disorders (TMJ)	\$1,000 per calendar year	No limit
Transplants	\$500,000 lifetime limit for Centers of Excellence, \$250,000 lifetime limit for transplants at other facilities and \$50,000 donor limit per transplant	No limit

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Individual Plans – Benefits effective for new and renewing members on or after October 1, 2010

Category	Current Limits	Essential Benefit Changes
	Evolve Plans	For new and renewing members on or after October 1, 2010
Annual Limit	NA	\$2,000,000 annual limit
Adoption Indemnity Benefit	\$4,000 per adoption on Core and Plus plans	No change (Not an essential benefit)
Complex Outpatient Imaging (CT Scan, MRI, PET, MRA, SPECT, Bone Density)	\$1,500 per calendar year on Core plan	No limit
Discretionary Surgery	\$2,500 lifetime limit on Plus plan	No limit
Durable Medical Equipment	\$2,500 per calendar year	No limit
Genetic Testing	\$5,000 lifetime limit	No limit
Orthotics	\$500 per calendar year (Plus plan)	No limit
Prescription Medications	\$1,000 per calendar year on Core plan, \$2,000 per calendar year on HSA 100 plan Core: \$500 formulary brand deductible	No limit on Core and HSA 100 plan Core: \$3,750 formulary brand deductible
Prostheses	\$2,500 per calendar year	No limit
Rehabilitation Inpatient	\$8,000 per calendar year	5 days per year
Rehabilitation Outpatient	\$1,500 per calendar year	30 visits per year
Transplant	\$500,000 per lifetime for Centers of Excellence, \$250,000 lifetime limit for transplants at other facilities	No limit

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Mandated Plans – NetCare Conversion Plan

Category	<u>Current Limits</u> NetCare Conversion	<u>Essential Benefit Changes</u> For new and renewing members on or after October 1, 2010
Annual Limit	NA	\$2,000,000 annual limit
Mental Health / Chemical Dependency	\$1,500 per calendar year inpatient/outpatient combined mental health / chemical dependency limit	Inpatient: 4 days per calendar year Outpatient: 39 visits per calendar year
Preventive	\$300 per calendar year for Category 3 services	No limit
Rehabilitation Outpatient	\$1,500 per calendar year	30 visits per calendar year

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