

YOUR Future under HealthCare Reform The Broker's Survival Guide to PPACA

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Implementation Timeline 2010

- No lifetime limits on essential health benefits
- No annual limits on essential health benefits
- Children to age 26 can remain on plan
- No pre-ex for children under age 19
- 100% coverage for expanded list of preventive services for all insured populations
- Funding for federal temporary high risk pool
- Small business tax credit
- New appeals process for coverage determinations and claims

Implementation Timeline 2011

- Federal and state oversight for “unreasonable” premium increases
- Minimum Loss Ratio requirements
 - 80% individual plans
 - 85% “large” group plans
 - 80% “small” group plans
- Increased penalties for non-qualified Health Savings Account distributions.
- Cap on Flexible Spending Accounts
- Establishment of Exchanges began

Implementation Timeline

2012-2013

2012

- W2 reporting requirements for employee benefits
- Plans must provide standardized information about benefits and coverage

2013

- State exchanges must meet progress testing requirements
- Insurers must comply with rules to determine electronic eligibility.
- Employers must notify employees of the availability of Exchanges and their possible eligibility for subsidies.

Implementation Timeline 2014

- Individual mandates to purchase minimum coverage
- Employer mandates for those with more than 50 employees
- All fully insured plans must be guaranteed issue
- No pre-existing conditions exclusions for anyone
- Price compression mandates 3:1 maximum for fully insured
- New federal taxes on insurers offering fully insured plans
- Massive expansion of Medicaid
- Health insurance exchanges fully operational at state level or federal takeover
- Substantial subsidies for purchase of private insurance
- Small business tax credits increase to 50%

Health Insurance Exchanges and the Subsidies

- Each state will determine which plans are available inside and outside of the exchanges
- State Exchanges must be fully self sustaining by 2015
- The benefits offered on plans inside the exchanges will be heavily regulated.
 - i.e. Individual deductibles will be capped for all individuals aged 30+ at \$2,000.
- The Exchanges will be the processing center for determining eligibility for PPACA subsidies, as well as Medicaid and SCHIP
- The Exchange will be the conduit for the subsidized premiums to be paid to the carriers with advanced tax credits based on an individuals projected income.

Health Insurance Exchanges and the Subsidies

- To receive a PPACA subsidy, an individual must purchase policy on the exchange.
- To be eligible for small business tax credit in 2014, the employer must purchase the group policy on the exchange

The Subsidies

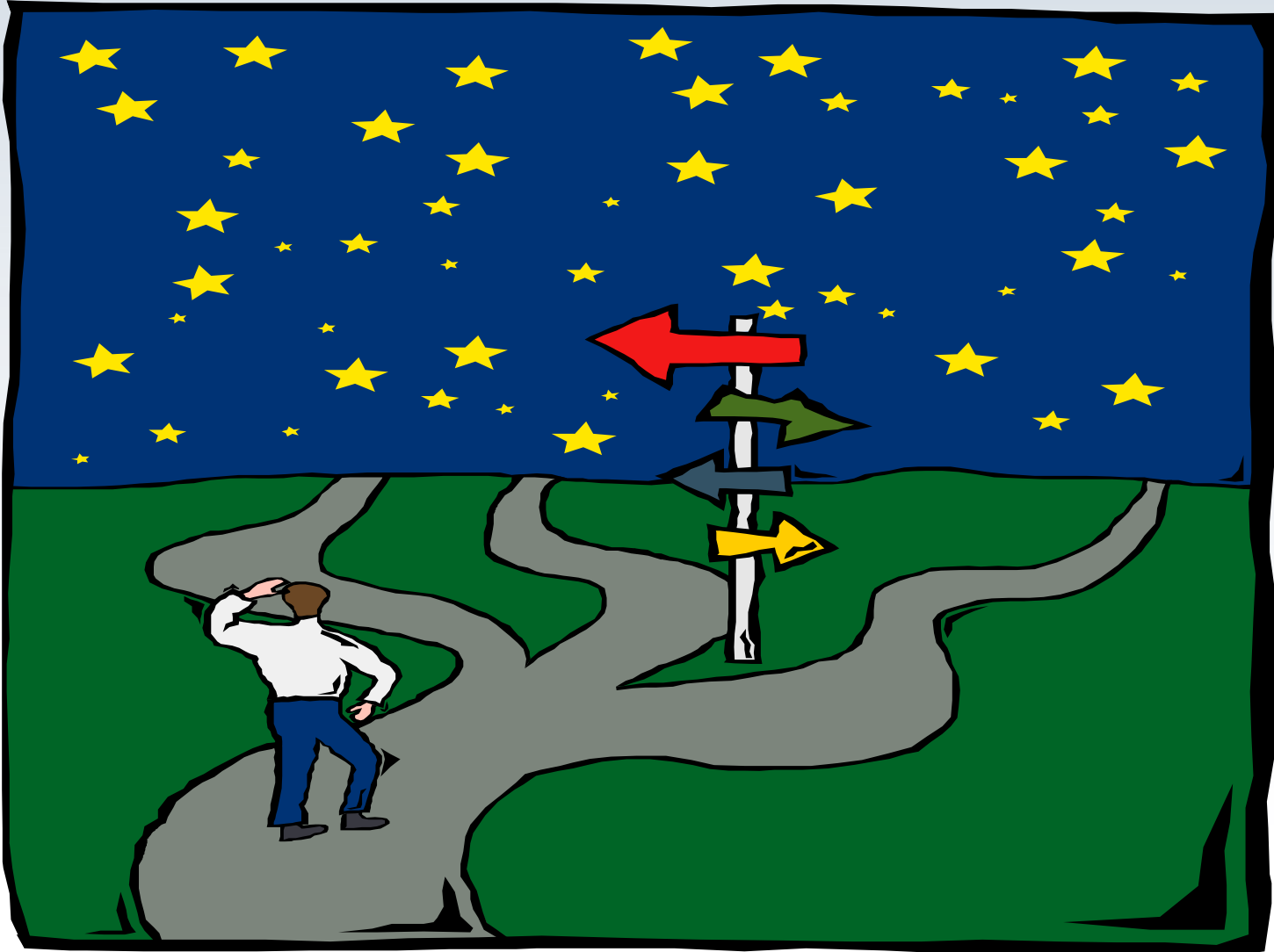
Annual Income by Current Federal Poverty Level and Family Size: 48 Contiguous States and the District of Columbia

Federal Poverty Line	Family Size			
	1	2	3	4
50%	\$ 5,415	\$ 7,285	\$ 9,155	\$ 11,025
100%	\$ 10,830	\$ 14,570	\$ 18,310	\$ 22,050
200%	\$ 21,660	\$ 29,140	\$ 36,620	\$ 44,100
300%	\$ 32,490	\$ 43,710	\$ 54,930	\$ 66,150
400%	\$ 43,320	\$ 58,280	\$ 73,240	\$ 88,200

source: CRS computation based on "annual update of HHS Poverty Guidelines" 74 Register 4200



So now what?



**Triumph is often nearest
when defeat seems
inescapable.**

BC Forbes

**A little more effort
and what seemed
hopeless failure
may turn to glorious success**

Elbert Hubbard

There has never been
a better time to be a
consultative benefits specialist
(aka quality health insurance agent)

Lauri Beck

Why this is a great time to be a health insurance agent:

Mid sized carriers are diversifying their products and they need agents to market them.

You already have the relationships!

Employers are desperate for assistance –
No one is better equipped than YOU to help them.

With every challenge comes opportunities for those that embrace them.

Small Employer Market

Alternate (Self) Funding Advantages

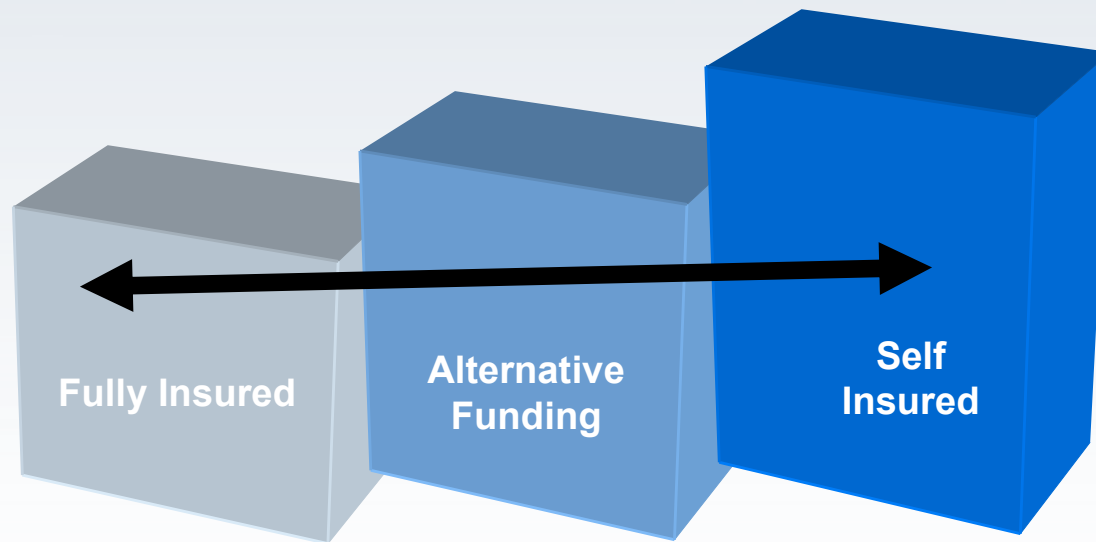
- Avoidance of minimum loss ratio requirements
- No community rating
- Ability for agent to set commissions
- Substantially fewer mandated benefits

Alternate (Self) Funding Advantages

- Enhanced flexibility in plan designs
- Data to drive informed decisions
- Ability to develop strategic wellness plans
- Long term perspective, a true strategic approach to managing costs

Healthcare Funding Strategies & Solutions

Funding Continuum



Small Group Alternate Funding 101

- One monthly bill inclusive of all components, similar to fully-insured
- Low attachment points for reinsurance
- Automatic advanced funding arrangement
- Contracts that allow for run off of claims

Alternate (Self) Funding

Identifying Ideal Employers

- Groups of ten or more employees
- Providing employee benefits is a priority
- Stable workforce, low turnover rates
- Financially stable
- Healthy group
- Looking at the long term perspective

Other Revenue Opportunities

- Life insurance to solve business planning needs of the employer
- Worksite marketing to provide voluntary benefits to the employees
- Individual life, disability, and annuities

Final Thoughts

- Embrace where things are today
- Plan for where they are going
- Be consultative in your approach
- Educate yourself and never stop learning
- Partner with someone who can mentor you
- Maximize available resources
- **HAVE YOUR BEST YEARS EVER –**
because you decided to!

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