

OLIVER WYMAN


Actuarial Consulting

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Impact of Health Care Reform on the Economy and Reserving

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Near-Term Reforms

Near-Term Reforms Benefits

- No lifetime benefit limits
- Annual benefit limits phased out over time, except for grandfathered individual plans
- Restrictions and prohibitions on benefit limits apply to the "dollar value of benefits" on "essential benefits"
- Preventive services covered without any cost sharing (non-grandfathered plans), including:¹
 - Mammography
 - Vaccines
 - Aspirin to prevent heart attack
 - Folic acid for women of child-bearing age
 - Screening for high blood pressure
- Additional recommendations from Institute of Medicine related to Womens' Health, including:
 - Lactation counseling and renting breastfeeding equipment
 - Full range of FDA approved contraceptive methods
 - Screening and counseling for domestic violence

1. <http://www.healthcare.gov/betterregulations/preventionrecommendations.html>

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Near-Term Reforms Other

- Coverage of child dependents
 - Dependent coverage to age 26
 - No pre-existing condition exclusions for children under 19
- Review of Rate Increases (non-grandfathered)
 - Increases of 10% or more (annual basis) are "subject to review"
- Minimum Loss Ratios
 - 80% for coverage purchased as an individual or through a small employer group
 - 85% for coverage purchased as a large group
 - Rebates if a carrier's loss ratio is below minimum (at state level for individual, small group, or large group market in total)

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Longer-Term Reforms

- Longer-Term Reforms**
2014
- Coverage of Essential Benefits
 - Low-income subsidies (up to 400% FPL)
 - Exchanges become operational
 - Greater price transparency
 - Subsidies only available in the exchange
 - Guarantee Issue with Modified Community Rating for individuals and small employers
 - No health underwriting
 - Open enrollment period for individuals
 - Maximum 3:1 ratio for age
 - Risk-adjustment (in and out of exchange)
 - Individual and employer mandates
 - Reinsurance for individual market
 - Assessments to all insured markets to pay for reinsurance
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Cost Estimates