

In the Spotlight: Full Steam Ahead – ACA in 2013

It's hard to believe, but 2013 is shaping up to be the biggest year yet in the implementation of health care reform. While 2014 gets all the hype for the big changes related to health care reform, the upcoming year will be another busy one - Exchanges will be up and running, employers will experience changes in how they report benefits, and Blue Cross and Blue Shield of North Carolina (BCBSNC) will have new products to sell.

Upcoming Changes

In the 10 month sprint to open enrollment – beginning October 1, 2013 for Exchanges – much must be done:

- By April, health plans that want to participate in the Exchange will need to submit applications to become Qualified Health Plans (QHPs). Only QHPs will be allowed to be sold on the Exchange.
- By July, all federally-facilitated, partnership, and state-based Exchanges will need to submit approvals to QHPs.
- On October 1, open enrollment begins and plans must be ready to participate, enroll, and accept payment.

Employers will experience new requirements in the upcoming year as well:

- Beginning January (for the 2012 tax year), employers issuing 250 or more W-2s will need to report the value of benefits on each employee's W-2 form.
- Beginning in March, employers will need to provide employees with information about the Exchanges.

BCBSNC product developers have been hard at work making plans that comply with the 2014 requirements so they will be ready in time for the Exchange. The list of new requirements that apply in 2014 is quite long, but the highlights include:

- A standard package of benefits called "essential health benefits" will be included in every plan sold in the individual and small group market. No annual or lifetime limits will be permitted on this set of benefits.
- Subsidies that increase the actuarial value level of plans will be available to certain groups of people through the Exchange.

As a part of ongoing reforms for Medicare providers, 2013 will pilot a new reimbursement method:

- In 2013, a Bundling Pilot for Medicare begins, which provides integrated care for an episode of care based around a beneficiary's hospitalization in order to improve coordination.

Lastly, for plan years that end on or after October 1, 2012 and before October 1, 2019, a Comparative Effectiveness Research fee will be assessed on Insurers to fund the Patient-Centered Outcomes Research Institute (PCORI). The fee is initially set at \$1 per covered life per year and the first payment of the PCORI fee is due by July 31, 2013.

North Carolina Specifics

The year 2013 will also be one of change, especially in North Carolina. On January 5, a new, Republican governor will take office. Governor-elect McCrory will not be the only new face in Raleigh; there are a lot of newcomers to the General Assembly as well. Of the 50-member NC Senate, 28 members are in their first or second term; of the 120-member NC House, 65 members are in their first or second term. The impact of the new Republican governor

(the first since Governor Martin left office in 1993) and the new members of the General Assembly remain to be seen, but expect a lot of education will be needed for those just coming into those important positions.

One of the bigger decisions this relatively new group of lawmakers and governor will need to make is whether or not to participate in an expansion of the Medicaid program. The ACA allows states to expand their Medicaid programs up to 133% of the federal poverty level (FPL), including childless adults, with an enhanced reimbursement rate (100% federal reimbursement for the first three years, then slowly lowered to 90% by 2020). States who choose not to expand may have more citizens left uninsured; individuals and families over 100% FPL may qualify for federal assistance to off-set the cost of their premiums but those under 100% FPL would not qualify for any assistance.

2012 in a Nutshell

Although there is still a lot to do, 2012 answered many of the outstanding questions on the future of the ACA. In March, the Supreme Court heard arguments about the constitutionality of key pieces of the law and on June 28, 2012, it held that most of it was constitutional. In November, there were elections that largely confirmed the current structure of government, reelecting the Democratic president who passed ACA and confirming the split Congress with Democrats in charge of the Senate and Republicans in charge of the House. After the elections, a total of 25 interrelating documents and nine detailed proposed templates to be completed by insurers were released, opening a floodgate of much needed information. Most of these regulations will likely be finalized in the early part of 2013.

What Next?

Batten down the hatches! The next several years will undoubtedly require a lot of work understanding and implementing ACA and the many regulations and requirements that it spurs. But know that we at BCBSNC, as a company, stand ready to compete in a changed environment. Because BCBSNC has worked from the assumption that the law would stand since day one, we are in the relatively unique position of being prepared for the year's upcoming changes.

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