

New year, new concerns

10 ACA issues

to track in 2014

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As implementation of the **Affordable Care Act (ACA)** unfolds, Brokers/Employers need to keep an eye on several **important issues in 2014**.

Important
issues



1. Exchange coverage begins

The arrival of 2014 marked the start date of coverage for policies purchased through the new health insurance Exchanges. These plans began January 1, 2014 for consumers who enrolled by December 23, 2013.

These plans still face significant difficulties. For example, the “back end” of the federally-facilitated Exchanges is not yet well developed, and many fear enrollee information is not being shared effectively between the online Exchange and the insurance carriers.

With kinks expected during the first plan year, it is crucial to monitor the reliability of coverage options offered through the federal and state-based Exchanges. A key test will be to see whether new enrollees will have a seamless experience when they go to their doctors in terms of how the reimbursement process goes, including applicable co-payments, deductibles, and coverage amounts.

2. Federal SHOP progress

The Small Business Health Options Program (SHOP) has experienced significant setbacks as the ACA continues to be implemented. The SHOP Exchanges are meant to allow small businesses to shop for employee coverage in a new way, while offering access to tax credits for a limited time. The SHOP Exchanges were scheduled to launch October 1, 2013, along with the Individual Exchanges, but the online portion of the program has been delayed for one year.

Some states operating their own Exchanges also have had difficulties preparing their SHOPS, opting to delay them by weeks or months. The SHOP Exchanges should improve slowly during 2014, and employers are being encouraged to use Brokers to help them navigate these difficult tools. Brokers/Employers should be aware of the SHOP option, although the provider market will provide the most reliable outlet for ensuring small business in the near future.



Over the past three years, numerous delays, legislative changes, and regulatory interpretations have altered the ACA in various ways.

3. Market reforms

While much of the attention regarding ACA implementation has been focused on the Individual Mandate and the start of Exchange-based health insurance, several market reforms could have just as significant an impact on the health insurance offerings both inside and outside the Exchanges.

Employers should continue to be informed of these changes as their individual and group policies are renewed. The market reforms are changing the types of policies offered with increased standardization of benefits and new underwriting rules. For many, this will mean increased premiums with less choice. Employers need to be ready to navigate this changing landscape with Broker assistance.

Some reforms are in effect, with more to come during the year including:

- Guaranteed issue and renewability
- Modified community rating
- Essential health benefits
- Lifetime and annual limits
- 90-day waiting periods
- Wellness and preventative benefits

4. Exchange enrollment and insurance pool make-up

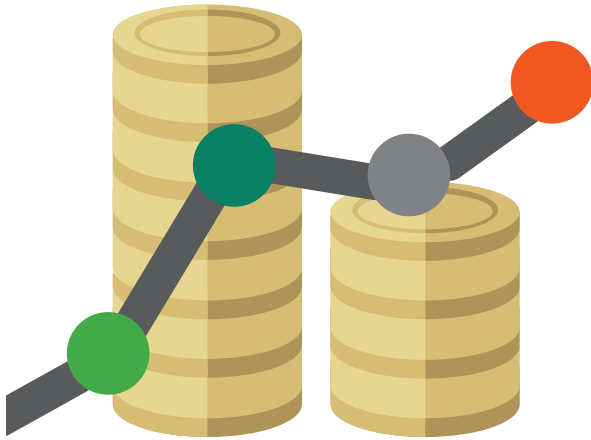
Many policymakers, the media, and others anxiously await updates on enrollment figures for consumers choosing plans through the Exchanges. These numbers are important, as the Obama administration intends to enroll seven million people in the first year. Enrollment began slowly, with just over 100,000 Americans choosing a plan during the first month of open enrollment in October 2013. Enrollments are accelerating as Exchange websites improve, particularly at the federal level. A key metric assessing the success of the ACA will be the total enrollment numbers until open enrollment closes the end of March 2014.

Another significant issue which perhaps is more important than the number of enrollees, is the types of enrollees.

With more than five million policies having been canceled last fall, the Obama administration has much work to do to ensure the ACA achieves its primary goal: to extend coverage to uninsured and underinsured Americans. By combining the seven million target with the five million canceled policies, 12 million new policies will need to be issued and/or reinstated.









The Obama administration concedes that young, healthy people **must sign up to maintain a sustainable risk pool**. Brokers/Employers should be aware of who is signing up in their local Exchanges.



5. Premium rate increases

Brokers, policymakers, employers, consumers, and others are anxious to see how changes made by the ACA will impact 2014 premiums. In the past, ACA proponents promised the reforms would lower premiums in 2014, with the backing of some research organizations predicting lower costs as well. However, recent [news reports](#) indicate increases in premium rates for many Americans securing ACA-qualified coverage in 2014. Further, many Brokers report that their clients, friends or family are experiencing significant increases.

Many wonder how insurance companies will set their premium rates in this evolving and unpredictable environment. Some key questions include:

-  How much will the new ACA benefit mandates impact premiums?
-  If enrollment goals are not met, such as signing up healthy and young Americans, will future premium rates be adversely affected?
-  How will insurers set the rates for their health plan offerings that are now extended an additional year?
-  How will the new catastrophic coverage authorized by the Obama administration late last year be priced?
-  Will the courts make any legal determinations about some of the mandated benefits such as birth control coverage, and if so, will this impact how health plans underwrite and price the coverage?
-  Will any other delays or changes in the law cause some insurers to adjust their calculations?

With all of these factors, the actual impact of **ACA's impact on premiums will not be fully observed until 2015.**

6. Individual mandate compliance

The most important aspect of the ACA is getting enough people (especially young, healthy people) to enroll in a health plan. Almost all Americans will be required to maintain health coverage beginning January 1, 2014, or face a gradually increasing penalty. The question is whether people who are currently without coverage choose to purchase a policy or pay the penalty (which is \$95 per adult in 2014). On a related note, the White House also appears to be signaling that the penalty provisions for individuals may be avoided this year under certain circumstances (such as cases of financial hardship).



A recent [Gallup poll](#) of uninsured Americans found that while 63% said they would likely purchase insurance, 28% said that they would rather pay a fine. Tracking the actual number of people who sign up will be an important indicator of the successes of the Exchanges.

7. Employer mandate developments

The Employer Mandate, requiring large employers to offer coverage to full-time workers or face a penalty, was originally supposed to go into effect in 2014 along with the Individual Mandate. Following an initial delay last summer, the Obama Administration again postponed this requirement. Large employers that have 100 or more employees are now required to offer coverage to at least 70% of their full-time workforce in 2015 and have until 2016 to reach the full 95% required by the ACA. Mid-sized employers with 50-99 employees have until 2016 to offer coverage to their eligible employees. Brokers/Employers should monitor this issue since many companies will need to know how to comply with the new rules. Because of the many changes to this provision, it is possible that there will be further changes before full implementation. Employers need to spend time and energy this year to prepare for the mandate that goes into effect January 1, 2015 for larger employers and January 1, 2016 for mid-sized employers.



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8. More changes to the ACA likely

Over the past three years, numerous delays, legislative changes, and regulatory interpretations have altered the ACA in various ways. Although the majority of the law will be implemented in 2014 as dictated by the original statute, the U.S. Department of Health and Human Services (HSS), the White House, and Congress will likely continue to modify the regulations. The changes could be minor or more significant requiring legislative action. The 2014 midterm elections also could have a significant impact if the Republicans gain more U.S. Senate seats. Further, several anticipated court decisions could affect various core ACA requirements.

With this fluid environment, Brokers/Employers must stay alert to any changes on the legal requirements at any given time.

9. The impact of public opinion

Public opinion about the ACA has remained relatively stable since its passage, with about 45% opposing the law and 35% favoring it. Since the flawed launch of the Exchanges, however, the ACA's popularity has dropped along with the President's approval ratings. It will be important to see how public opinion shifts as more Americans have direct interaction with the law. Some Americans will see benefits and others will remain critical. As implementation continues in 2014 and beyond, we will get a clearer picture of what the public thinks about the ACA and the President's performance. No doubt, public opinion will have a significant impact on the midterm elections on November 4, 2014.

[Monitor the most recent polls](#) from Gallup on health care issues.



2014 The midyear elections also could produce some unexpected changes.

10. Wild card and the unknown

As we have seen time and again, implementation of the ACA is impossible to predict with surprises lurking just around every corner. As an array of unexpected delays and changes have plagued the ACA since it became law in 2010. This trend likely will continue when one considers the work remaining to stabilize the new reform law. Some actions will be minor tweaking, but major changes also may be needed in 2014 to fix key elements of the ACA. As a result, Brokers along with the rest of us can expect to be surprised by something in 2014. Watch out for a wild card to be dealt by either the Democrats or the Republicans. The midyear elections also could produce some unexpected changes. **Without a doubt, 2014 will be an interesting year.**



As always, we will monitor continuing developments of the ACA, focusing on these 10 issues over the next year. Brokers/Employers should keep these issues in mind as well, and be on the lookout for any other unexpected issues that may impact their companies.

It's important to note that the federal health care reform initiative discussed in this guide is referred to by several different acronyms including ACA, PPACA and ObamaCare. No matter what the term, BenefitMall will continue tracking and reporting on key health care reform trends that are impacting Brokers, payroll personnel and key stakeholders.

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