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# NAVIGATING THE ROADS OF HEALTH CARE COMPLIANCE

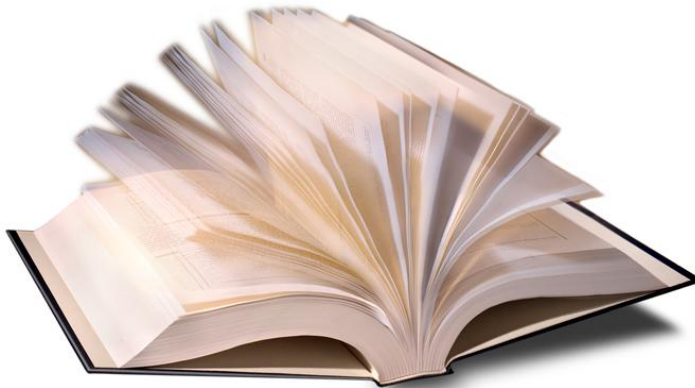
HOW CHANGES IN HEALTH CARE REGULATIONS  
AFFECT ADMINISTRATION OF EMPLOYEE  
BENEFITS

FACILITATED BY CAROL RITO  
Compliance Officer, Group Associates, Inc.

# PATIENT PROTECTION AND AFFORDABLE CARE ACT

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Continuous changes to PPACA can put a strain on efficient benefits administration.



- Clarifications
- Guidelines
- Updates
- Amendments



The first release of the PPACA was over 1,000 pages.

# NAVIGATING THE “HOW” OF THE PPACA

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## Compliance

- Employee Communications
- Plan Document and Summary Plan Description Amendments
- Non Discrimination Testing

## Administration

- Special Enrollment Periods
- Covering Adult Children
- Benefit Rescissions
- Internal Appeals Process and External Review



## Looking Ahead

- Uniform Explanation of Coverage
- W-2 Reporting
- Automatic Enrollment

# COMPLIANCE

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## Employee Communications

### Required Notices

- Notice of Grandfathered Health Plan Status
- Notice of Extension of Dependent Coverage
- Notice of Elimination of Lifetime Dollar Limits
- Patient Protection Notices

### Additional Notices and Forms

- HSA Excise Tax Penalty
- Over-the-Counter Prescription Requirement
- Rescission of Coverage Notice



# COMPLIANCE

## Plan Documents and SPD Amendments

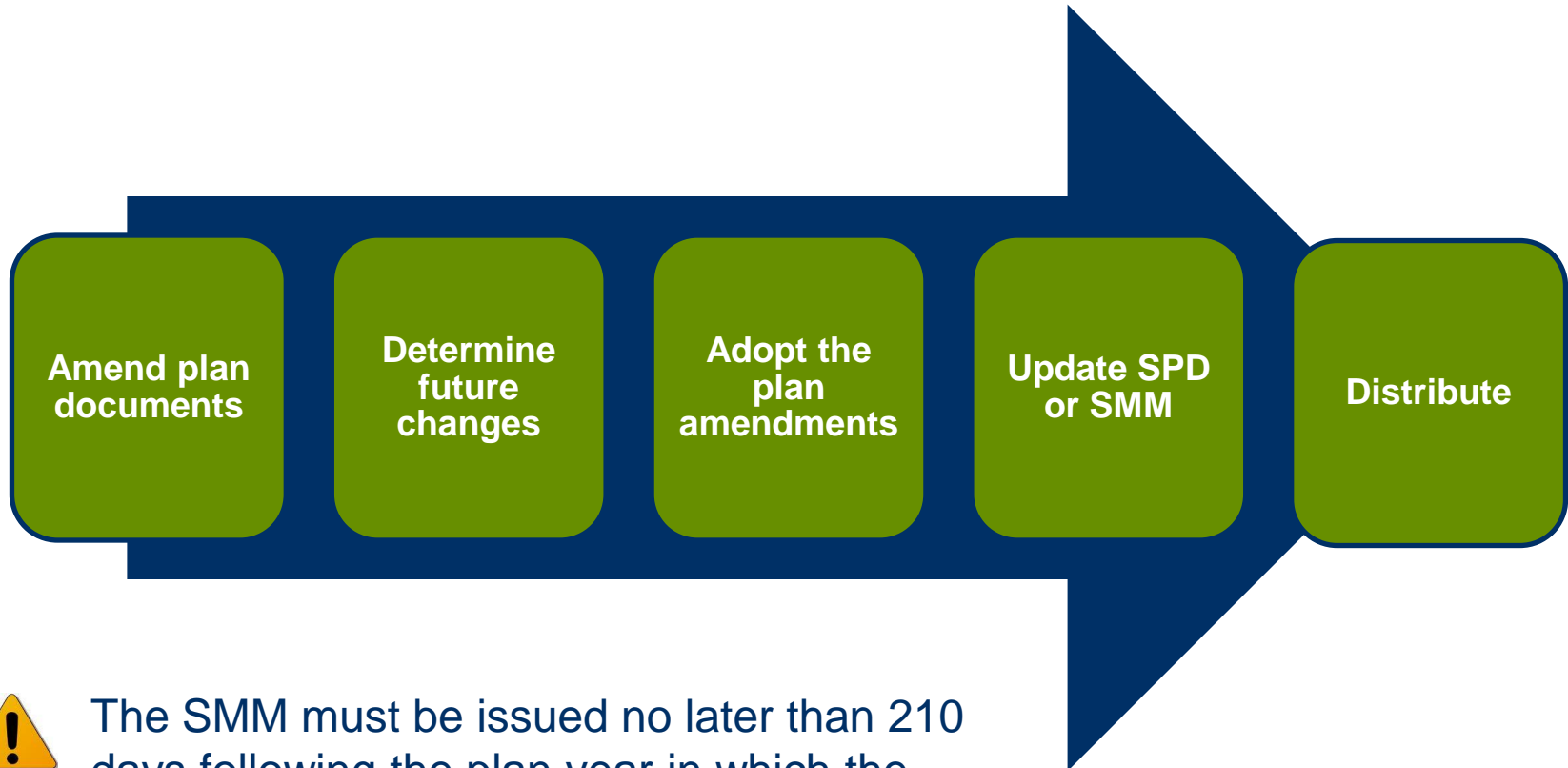
- Grandfather Status
- Definition of Adult (Over Age) Children
- Allowance for Adult Children Premiums to be Pre-Tax
- Definition of Eligible Expenses for Health Care FSA and HRAs
- Preventive Health Services
- Lifetime and Annual Limits
- Patient Protections
- Pre-Existing Condition Exclusions for Children Up to 19
- Prohibitions on Rescissions
- Updates to the Internal Appeals and External Review Process

### CHECKLIST



# COMPLIANCE

## Plan Documents and SPD Amendments



The SMM must be issued no later than 210 days following the plan year in which the change is adopted.

# COMPLIANCE

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## Non Discrimination Testing

Code § 105(h) non discrimination rules are now applicable to fully insured plans.



- The Eligibility Test
- The Benefits Test
- Failure to Comply



There is **no** transition period; you must act now to avoid penalties!

# ADMINISTRATION

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## Special Enrollment Periods

- Change in Adult (Over Age) Child Eligibility
- Exclusion of Limits on Lifetime Benefits



## Covering Adult Children

- Processes, Communications, Forms, and System Changes
- State Laws
- Michelle's Law

# ADMINISTRATION

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## Benefit Rescissions

- Permissible Rescissions
- Notices
- Administrative Rescissions



Grandfathered plans must comply to rescission guidelines.

# ADMINISTRATION

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## Permissible Rescission for Fraud



- A newly hired employee enrolls his “spouse” during new hire enrollment with an effective date of March 1<sup>st</sup>.
- In April the employer determines that the employee is not legally married and has made an intentional misrepresentation.
- On April 15<sup>th</sup> the plan provides the written notice of rescission.
- There is no successful appeal.
- On May 15<sup>th</sup> the plan can terminate coverage retroactive to March 1<sup>st</sup>.

# ADMINISTRATION

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## Permissible Rescission for Non Payment



- The employee covers his spouse under the plan.
- The employee divorces his spouse on June 10th.
- The employee does not notify his employer until August 1<sup>st</sup>.
- The employer can terminate coverage retroactive to June 10<sup>th</sup> for failure to pay the full premium.

# ADMINISTRATION

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## Rescission Due to Administrative Error

- ABC Company provides coverage for full-time employees but no coverage for part-time employees.
- Mary is full-time and has coverage under the plan.
- Mary transfers to part-time.
- The employer does not notify the TPA of Mary's new status and she continues to receive coverage.
- The employer notices the error two months after the change in status and notifies the TPA.
- Mary's coverage must be terminated prospectively because there was no fraud or misrepresentation by the employee.

# ADMINISTRATION

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## Internal Appeals Process

- Effective Date and Enforcement
- Internal Claims and Appeals Process
- Culturally and Linguistically Appropriate Notices



# ADMINISTRATION

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## External Review

- External Review Procedures
- External Review Compliance
- Priority Tasks



# LOOKING AHEAD

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 **Uniform Explanation of Coverage**

 **W-2 Reporting**

 **Automatic Enrollment**

# Question and Answer

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# Final Thoughts

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- This presentation is a broad overview of the major provisions of the health care reform legislation.
- It is designed to convey an administrative overview of key provisions of the health care reform law.
- It is not intended to cover every aspect of the sweeping legislation.
- This presentation was developed in November 2010. New guidance is issued frequently and may not be reflected in this presentation.

**Nothing in this presentation is intended to be, nor should be, construed as legal advice. Contact your legal counsel if you have legal questions regarding the subject matter in this presentation.**