Bernie Lowe & Associates, Inc.
"Beyond the Product"

Health Care Reform Update

IMPORTANT NOTICE REGARDING HEALTHCARE REFORM

Update #74 **November, 2017**

HHS Proposes 2019 Benefit and Payment Parameters, New Enrollment Rules for SHOPs, and More

HHS has released proposed regulations that include the benefit and payment parameters for 2019, and a host of other proposed insurance market and Exchange-related rules. This collection of proposals is largely aimed at insurers and state regulators, but there are some provisions that may be of interest to employers.

Here are highlights:

Increased Annual Cost-Sharing Limits:

HHS has proposed an increase in the maximum annual limitation on cost-sharing for 2019 out-of-pocket limits.

2017, 2018 and 2019 limits are:

	2017	2018	2019
Self Only Coverage	$ 7,150	$ 7,350	$ 7,900
Other Than Self Only Coverage	$14,300	$14,700	$15,800

Revised Essential Health Benefits (EHB) Options:

The proposals would provide states more flexibility in selecting EHB benchmark plans beginning with the 2019 benefit year. In addition to allowing states to select a new EHB-benchmark plan on an annual basis, the proposals would provide states with flexibility to select among more options. For example, a state could construct an EHB-benchmark plan that incorporates the ten required EHB categories by replacing any EHB category with the one used in another state's benchmark plan, i.e., the ability to utilize various categories from different states.

Note: The requirement to offer EHB applies to insured health plans in the individual and small group markets. Although employer-sponsored self-insured health plans and insured large group health plans are not required to offer EHB, the proposed changes could nonetheless impact these plans since they may not impose annual or lifetime dollar limits on EHB they do offer.]

New Rules for Small Business Health Options Programs (SHOPs):

The proposed regulations and a simultaneously released CMS memo address previously identified shortcomings in the current SHOP enrollment process. The proposals would remove many of the SHOP requirements for enrollment through an online SHOP and allow groups to enroll directly through a SHOP insurer or SHOP-registered agent or broker. The federal SHOPs would generally adopt this enrollment approach for plan years beginning on or after January 1, 2018, but state-based SHOPs would have the option to maintain current operations of their online SHOP enrollment platforms.

The small business health care tax credit would continue to be available to qualifying employers utilizing direct enrollment through a simplified eligibility determination on Healthcare.gov. Additional changes proposed for SHOPs include revised premium rating standards and group participation rules.

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Note: The proposal to eliminate the federal SHOP enrollment process starting in 2018 comes as no surprise. CMS announced its intention to do so last May. It's now clear that if these proposals are finalized, the federal SHOP services such as employee eligibility determinations and premium aggregation functions would also be eliminated.

Promotion of High Deductible Health Plans (HDHPs):

In the final benefits and parameters for 2018, HHS added an Exchange standardized plan option at the bronze level of coverage that qualifies as an HSA-eligible HDHP. Following that addition, the 2019 proposals indicate an interest in encouraging insurers to offer these plans. Noting that the proportion of available HSA-eligible HDHPs has been stable in the federal Exchange while the percentage of enrollees in HDHPs has decreased slightly over the last three years, HHS also asks for comments on how to use Healthcare.gov to promote the availability of these plans to enrollees.

As always, these proposals address a wide range of Exchange and insurance market reform rules. For 2019, many of them focus on the theme of an expanded role for states, including, for example, expanding their role in regulating the qualified health plan (QHP) certification and rate review processes and the navigator program. There are also proposals to substantially change the medical loss ratio (MLR) standards. And comments are sought on a proposal that would significantly change the risk adjustment model. As usual, a new draft actuarial valuation (AV) methodology and draft AV calculator were also released. Considering the changed emphasis for 2019, state regulators, insurers, and those participating in or affected by Exchanges (including SHOPs) will need to start studying the fine points of these proposals.

Proposed HHS Notice of Benefit and Payment Parameters for 2019 Fact Sheet

Notice

Fact Sheet