Legislative Highlights

February 2014

BlueCross BlueShield of Illinois

Pre-existing Condition Exclusions Frequently Asked Questions

The **Affordable Care Act's** (ACA) pre-existing condition exclusion provision prohibits health insurers and employers that provide insurance coverage from denying coverage to individuals because of a pre-existing condition. Pre-existing condition exclusions were eliminated for children (under age 19) beginning in September 2010. This provision of ACA expanded in 2014 — it goes into effect for all enrollees as of the first plan or policy year on or after Jan. 1, 2014. It applies to all group plans and new plans in the individual market, but not grandfathered individual plans.

A pre-existing condition exclusion means a limitation or exclusion of benefits (including a denial of coverage), based on the fact that the condition was present before the effective date of coverage (or if coverage is denied, the date of the denial) under a group health plan or group or non-grandfathered individual health insurance coverage. The limitation or exclusion is not dependent on whether or not any medical advice, diagnosis, care, or treatment was recommended or received before that day.

Q What changes in 2014?

A As of the first plan or policy year on or after Jan. 1, 2014, health plans are required to eliminate pre-existing condition exclusions for individuals of all ages. This applies to both non-grandfathered and grandfathered group health plans and non-grandfathered individual plans.

Q Are grandfathered plans exempt from the pre-existing condition exclusion provision of ACA?

A Grandfathered individual plans are exempt from this provision of ACA. However, it applies to non-grandfathered individual plans and both grandfathered and non-grandfathered group health plans.

Q When does this provision go into effect?

A The pre-existing condition exclusion is effective as of the first plan or policy year on or after Jan. 1, 2014.

Q Since pre-existing condition exclusions will no longer be permitted beginning on the first plan or policy year on or after Jan. 1, 2014, will Certificates of Creditable Coverage (COCC) still be sent in 2014?

A Yes, COCC letters will still be sent in 2014. Insurers are required by law to provide certificates in certain situations, such as when an individual loses coverage under a plan. This requirement is still in effect today. Blue Cross and Blue Shield of Illinois will continue to send the COCC letters until further guidance is made available.

Q What are PCIP programs?

A ACA established a temporary federal high-risk pool called the Pre-existing Condition Insurance Plan (PCIP) as a temporary insurance option for individuals who had been denied coverage because of a pre-existing condition. This program is still in effect for those who signed up before the U.S. Department of Health and Human Services (HHS) ceased accepting applications for PCIPs on March 2, 2013, and is scheduled to end March 31, 2014.

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Federal Government Releases FAQs on Preventive Services, Out-of-Pocket Maximums, Mental Health Parity

On Jan. 9, 2014, the U.S. Departments of Labor, Health and Human Services and Treasury released **FAQs** providing guidance on a number of Affordable Care Act provisions.

The FAQs cover questions related to preventive services, out-of-pocket maximums, and wellness programs. It also includes information on mental health parity regulations. We are currently reviewing the FAQs and will provide more information once it is available.

IRS Releases Proposed Rule on Minimum Essential Coverage, Individual Penalty

On Jan. 27, the Internal Revenue Service (IRS) **released** a proposed rule and a notice on the Affordable Care Act minimum essential coverage (MEC) and individual shared responsibility provisions.

The proposed rule includes further guidance on what will not be considered MEC, including certain government-sponsored coverage and excepted benefits. The proposed rule also provides further clarification on hardship exemptions and the individual shared responsibility penalty.

IRS **Notice 2014-10** says that for the 2014 plan year, people currently enrolled in government-sponsored coverage that will not meet MEC under the proposed rule are exempt from the individual tax penalty for 2014.

We are currently reviewing the proposed rule and will provide more information as it becomes available.