HealthPlans
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Compliance Alert
April 11, 2012

Health Care Reform:
• Women's Preventive Health Coverage • Summary of Benefits and Coverage • 2012 Form W-2 Reporting

The purpose of this *Alert* is to update you on three Health Care Reform regulations that take effect this year:

- Women's Preventive Health Care provisions which take effect beginning August 1, 2012
- Summary of Benefits and Coverage (SBC) – the mandated summary that all plans must provide beginning September 23, 2012
- New Form W-2 reporting requirements that apply to 2012 Forms W-2 that must be issued by January 2013

Our next Compliance *Bulletin* will cover the Women's Preventive Health and SBC requirements in greater detail, and will describe the steps that **Health Plans** is taking to implement them for our clients' plans. Except for the information below, we will not be further addressing the 2012 W-2 reporting requirements since clients' payroll vendors are the best source of information about actual employee contributions for coverage and we understand that payroll vendors are currently working with employers on this issue.

Women's Preventive Health Coverage

Here are highlights of the new mandated women's preventive services coverage requirements for **non-grandfathered** plans which start taking effect on August 1, 2012. These rules supplement the existing women's preventive care guidelines applicable to non-grandfathered plans.

Topic	Regulatory details
Applicability	***Non-grandfathered health plans only***
Implementation Date	First Plan Year that begins on or after August 1, 2012
Major Provisions	Cover following services at 100% with no cost-sharing at in-network level only: • Well-woman visits at least annually • Contraceptive drugs and devices available by prescription* ◊ All FDA-approved contraceptive drugs and devices ◊ May cover generic at 100% and apply copayments to preferred and non-preferred brands when generic available • Contraceptive office visits* ◊ Costs associated with counseling and providing devices • Voluntary sterilization* ◊ All recommended procedures for women • Breastfeeding support, counseling and supplies ◊ Counseling, equipment and supplies for each birth, without limit • Gestational diabetes screening ◊ Screening for women 24-28 weeks pregnant and for high-risk women • HPV DNA testing ◊ Testing every 3 years for women age 30 and older • STI counseling, and HIV screening and counseling ◊ Annual counseling on HIV and sexually-transmitted infections (STIs) for sexually-active women • Domestic violence screening ◊ Screening and counseling for interpersonal and domestic violence for all women * Churches and religious orders have a permanent exemption from provisions regarding contraceptive services. Other non-profit organizations with religious affiliations have a one-year safe harbor (until at least August 2013) to comply with the contraceptive coverage requirements.

We will provide additional detail about these requirements in our next Compliance *Bulletin.* In the meantime, we are preparing to draft the applicable amendments for these changes, based on each client's Plan Year start date.

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Summary of Benefits and Coverage (SBC)

Final regulations for the "four-page" Summary of Benefits and Coverage (SBC) mandated by the Patient Protection and Affordable Care Act of 2012 (PPACA) were issued on February 14, 2012. This overview will help you understand the overall requirements, including the very aggressive implementation timeframe.

We have also included a link to the Sample SBC posted at the Center for Consumer Information and Insurance Oversight (CCIIO) operated by the Department of Health & Human Services.

Topic	Regulatory Details
Applicability	Required for all individual, group and self-funded group health plans which are generally subject to PPACA, regardless of size and grandfather status
Implementation Date	Earlier of: • First Open Enrollment period that begins on or after September 23, 2012 • First Plan Year that begins on or after September 23, 2012
Notice Requirements	SBCs must be issued: • 30 days in advance of renewal date if employees **not** required to actively elect to maintain or change coverage (evergreen elections) • With enrollment materials for newly eligible employees or if employees must actively elect to maintain or change coverage before start of new plan year • 60 days in advance of any mid-year material modification in benefits, including changes that enhance or reduce benefits (a change would be communicated by amendment, but the updated SBC would have to be available to any newly eligible or newly enrolled employee) • Upon request within 7 business days
Distribution Requirements	**Electronically** (email or internet) • For those enrolled in plan – follows ERISA rule ◊ Employee must work at computer, or ◊ Employee must agree in writing to receiving information electronically • For eligible employees/dependents who are not enrolled ◊ Can post on the Internet, notifying eligible person by mail (postcard) or email that the documents are available on the Internet and that documents are available in paper form by request **Paper** • To anyone, anytime
Format	• Eight pages (four 2-sided sheets), plus four-page uniform glossary • Specific font size and type for each section • Specific language to describe coverage • Can be modified to show additional network coverage tiers
Content	• Deductibles, copays and coinsurance specific to extensive list of services ◊ May include information about any employer-funded HSA or HRA available to offset out-of-pocket costs ◊ May include information about FSAs and HRAs that are integrated with the medical plan to offset out-of-pocket costs ◊ Must have SBC for HRA plan, even if HRA is not integrated with medical plan • Limitations and exclusions for each service listed • Specific list of 14 "other services" such as acupuncture, chiropractic care, infertility treatment, weight loss programs, and coverage outside the U.S. that must be shown as either covered or excluded, with applicable limitations • Coverage examples showing patient out-of-pocket costs for maternity coverage with normal delivery and ongoing care of well-managed diabetes condition
Link to DOL Sample SBC	http://cciio.cms.gov/resources/files/Files2/02102012/sample-completed-sbcfinal.pdf.pdf

In our next Compliance *Bulletin*, we will provide more detail about what to expect as your plan's implementation date approaches. In the meantime, we are working internally to determine what is necessary for our clients to meet the SBC requirements.

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W-2 Reporting Requirements

Beginning with the 2012 Forms W-2, employers who were required to file at least 250 Forms W-2 for the preceding calendar year (i.e., the 2011 Forms W-2) must include the value of the employer-sponsored health plan coverage provided to each covered employee and dependent.

Topic	Regulatory details
Purpose	• "To provide employees with useful and comparable consumer information on the total cost of their health care coverage" (from IRS Notice 2012-9) • The amount shown on the Form W-2 is **NOT** taxable income to the employee
Implementation Date	2012 Forms W-2 to be issued by January 31, 2013
Applicability – Employer Size	All employers who filed 250 or more W-2 forms for prior calendar year e.g., if fewer than 250 2011 Forms W-2 were filed, the requirement is waived for the 2012 Forms W-2
Scope – Costs to Report	• Total group health plan costs (combined employer cost + employee cost, usually the COBRA rate without the 2% administrative fee) • Major exceptions: ◊ Reporting not required for: ▪ FSAs funded solely by employee contributions ▪ Health Savings Arrangements ◊ Reporting optional (voluntary) for: ▪ Multi-employer plans ▪ "Stand-alone" dental and vision plans ▪ Health Reimbursement Arrangements (HRAs) ▪ Plans not subject to COBRA continuation coverage or similar requirements (e.g., church plans) • Optional whether to report costs following termination of employment ▪ May either report only costs associated with period of active employment; or ▪ Also include costs of COBRA coverage for those who elect it ◊ Must consistently apply same method – cannot change from one to another for different employees

The information on each Form W-2 must be specific to that employee and must reflect changes in cost and coverage over the course of the calendar year. Again, clients' payroll vendors are likely already working to incorporate this data into the other information they provide for W-2s.

Within the next few months, we will issue a detailed Compliance *Bulletin* with more information about the Women's Preventive Health and SBC requirements. If you have questions before the *Bulletin* is published, please contact your **Health Plans** Account Manager.