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For the last year or so we have been tracking the progress of health reform at the federal level in an effort to react appropriately, provide legislators with my own input on healthcare reform, and to ultimately be of the highest level of service to you, our valued customers and consultants. As you are likely aware, The President signed the Patient Protection and Affordable Care Act on March 23, 2010 and the “Healthcare and Education Affordability Reconciliation Act of 2010” on March 30<sup>th</sup>.

The legislation was passed under a cloud of uncertainty and without much detail being released to the general public, and even those of us on the “inside” continue to be unclear on the details as we try to uncover them. But don’t be too frustrated, it commonly takes years for laws to be formalized into final regulations. It took almost 20 years for us to get the final COBRA regulations! I met with the writers of the legislation last week in Washington DC and we are going to continue in limbo for a bit longer on some open issues. We are still awaiting many clarifications from the regulation writers, and they are asking for our input. In any event, I want you know that we at ARM are on top of the situation and will work diligently to keep you informed and to work on your behalf. Be sure to contact me with any insights or questions you may have.

As you may not be aware, the majority of the legislation that will affect you is effective January 1, 2014, with our first handful of requirements effective ON THE FIRST DAY OF THE PLAN YEAR AFTER SEPTEMBER 23, 2010. Required changes to your plan will be significantly affected by the as yet unclear definition of “grandfathered plans.” I will provide more on that as soon as I have it. Collectively bargained plans are permitted to wait until the expiration of the current CBA.

It is our hope and expectation that all of you who are receiving this communication will be construed as having grandfathered plans, so the process will be a bit less painful; we will need to be working together with your team to amend plan documents for plan years commencing after September 23<sup>rd</sup> to accommodate the following provisions of the new law:

- No pre-existing condition exclusions for enrollees under age 19
- Extension of eligibility for coverage for adult children until age 26 (except if other coverage available until 1/1/2014)
- No annual or lifetime dollar limits on “essential benefits” (Secretary of HHS may allow restricted annual limits before 1/1/2014).

For plans that are determined NOT to be grandfathered plans, the following provisions will also be effective on the first day of the plan year following September 23<sup>rd</sup>:

- Appeals process required to allow for appeals of coverage determinations and claims that include internal and external reviews
- Insured plans are subject to the requirements of IRC section 105(h)(2) relating to the prohibition of discrimination in favor of highly compensated individuals (is the current law for self-funded plans)
- Must cover emergency services without prior authorization in network
- Must allow designation of OB/GYN or Pediatrician as primary care provider
- Must cover preventive care without cost sharing

“Essential benefits” will prove to be at the heart of the discussion on healthcare reform over the next several years, so here is the language from the Act (these are the categories that may not have lifetime or annual limits in the long term):

“In General... the Secretary shall define essential health benefits, except that such benefits shall include at least the following general categories and the items and services covered within the categories:

- (A) Ambulatory patient services
- (B) Emergency services
- (C) Hospitalization
- (D) Maternity and newborn care
- (E) Mental health and substance abuse disorder services, including behavioral health treatment
- (F) Prescription drugs
- (G) Rehabilitative services and habilitative services and devices
- (H) Laboratory services
- (I) Preventive and wellness services and chronic disease management
- (J) Pediatric services including oral and vision care”

As we look forward and receive more information from the regulation writers in Washington, we will be giving you our insight in an effort to help your plan comply with the new legislation. Be careful as you listen to comments in the media as to what the law means or does not mean; many of the key points of this legislation have yet to be resolved.

If you would like to read the entire Senate and Reconciliation Bills I have posted them on our website: [www.altrisk.com](http://www.altrisk.com) under the Timely Information button.

Thank you for your continued support and business,

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