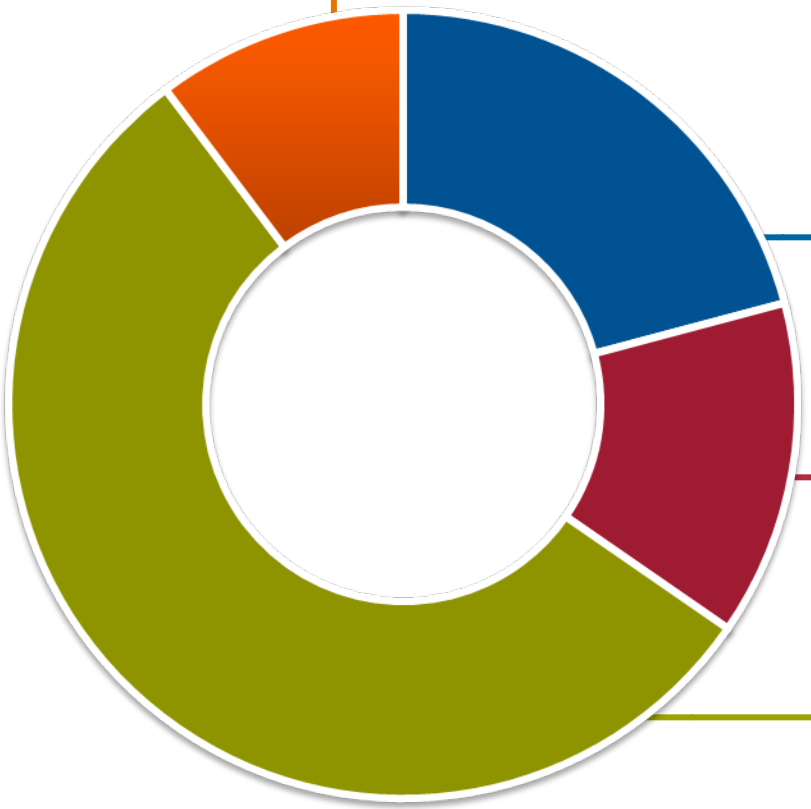
Fast Forward

What to Expect in 2014

Rick Elliott
President and CEO UnitedHealthcare of Georgia

UnitedHealthcare®

Market influencers:
Movement and more movement



20 million
purchasing through Exchanges

30 million
newly insurance

15 million
affected by Medicare increases

80 million
potentially switching coverage

Estimates above based on public sources including CBO and Lewin Group publications

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Health Benefit Exchanges
State Decisions and Status

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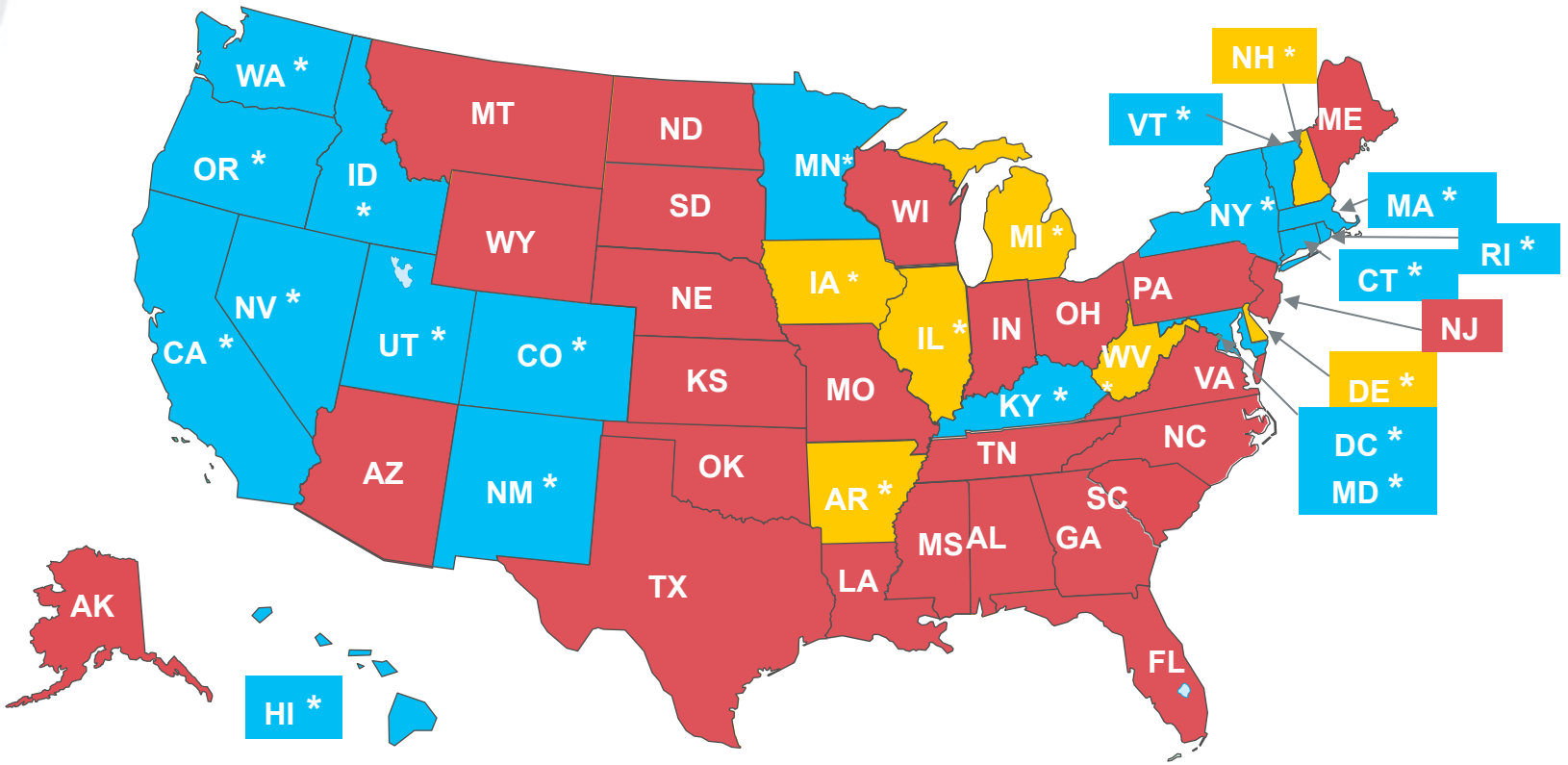

Planning to Operate State-Based Exchange, Submitted Blueprint Application to HHS (17+DC)

Pursuing Federal/State Partnership Exchange (7)

No State-Based Exchange (26)

∗ Conditional Exchange Approval from HHS (17+DC State-Based, 7 Partnership)

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The role of Exchanges

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Rating and market rule changes

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HUGE MARKET CHANGES…ESPECIALLY FOR SMALL GROUPS

- Small groups and individuals move to adjusted community rating where all policyholders' premiums only vary by location, small age bands and tobacco use
- All plans:
  - Removal of pre-existing conditions
  - Guaranteed issue and renewal of coverage
  - No medical underwriting

For individual and small group markets

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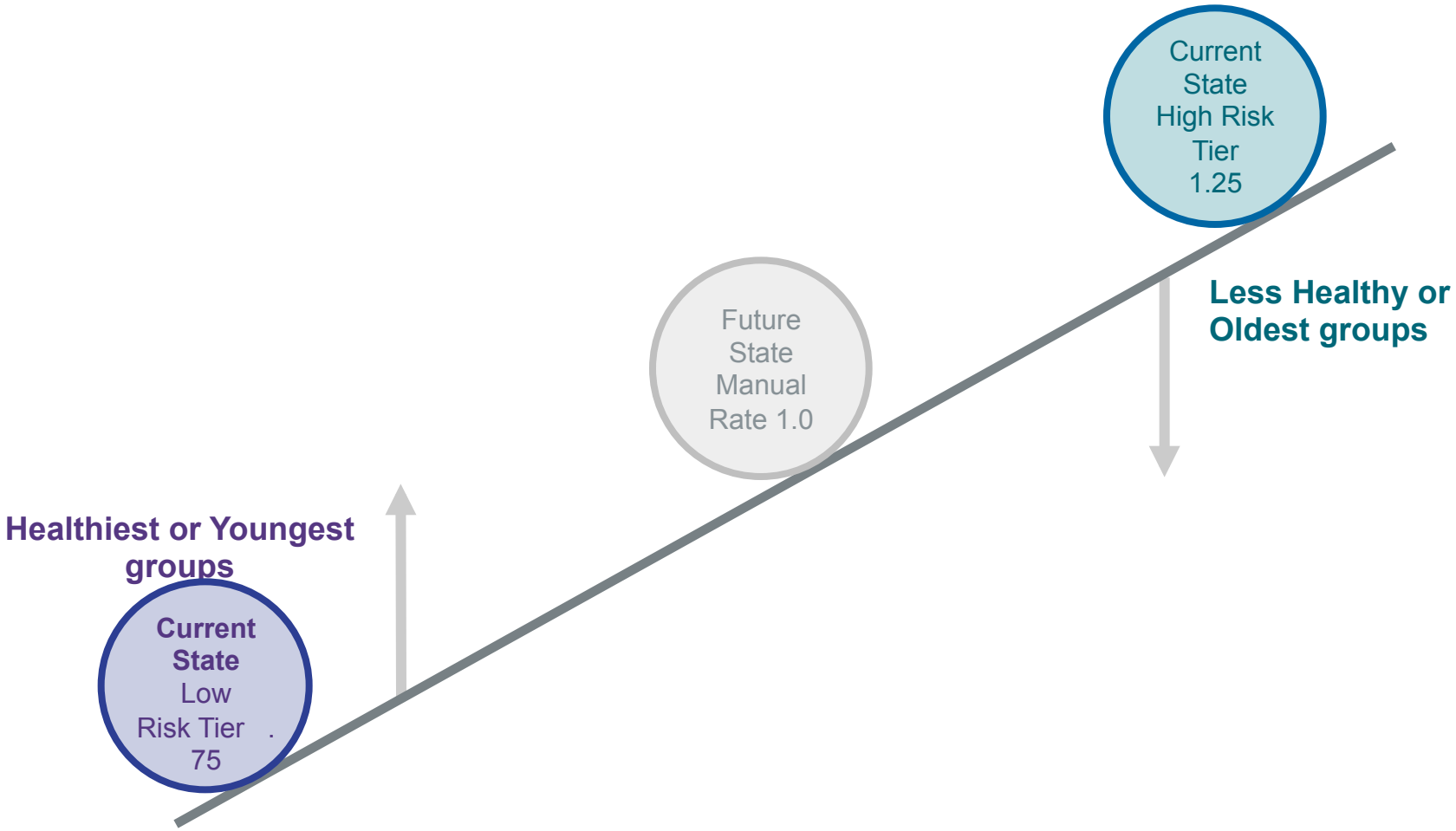
Opportunities and Risks
Pricing



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Adjusted Community Rating

Price Restrictions – Fair Health Insurance Premiums

- Effective January 1, 2014
- Applies to Individual and Small Group health insurance

Rate Factors are limited to	Rates may not vary by
• Family Structure	• Gender
• Benefit Plan Design	• Health status
• Geography	• Claims history
• Age (3:1 limit)	• Medical Underwriting
• Tobacco use (1.5:1 limit)	• Group Size
	• Industry

Other related 2014 provisions apply to Individual, Small Group, and Large Group health insurance markets

- Guaranteed issue and renewability
- Prohibition of Preexisting Condition Exclusions
- Prohibition of discrimination based on Health Status

ATNE as standard for defining Small Group

- Migrate from eligibles to ATNE by 2014
- Federal Law Definition:
  - All employees counted – including part time and seasonal, Non-employees are not counted – example non-W-2
  - Sole proprietors are included in the individual market segment
  - Different rules for association groups
  - Different measurement periods – average based on prior calendar year
- Small Group defined as 1-100 in 2014; although states may elect to temporarily define the upper limit as 50 for years 2014 and 2015

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Taxes & fees

PCORI Fee	to help fund the Patient-Centered Outcomes Research Institute
Insurer Fee	to fund Health Insurance Exchanges
Transitional Reinsurance Fee	to stabilize individual and small group markets
Excise Tax	on rich benefit coverage

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Taxes and fees at a glance

	Description	Effective Date	Timing/ Duration	Payment Cycle	Segment Impact	Basis of Assessment
PCORI Fee	• Help fund Patient-Centered Outcomes Research Institute • Will assist patients, clinicians, purchasers and policy-makers in making informed health decisions by advancing the quality and relevance of evidence-based medicine through the synthesis and dissemination of comparative clinical effectiveness research findings	10/1/12	Begins 2012 Phases out 2019	July 31 (calendar year following end of plan year)	FI and ASO (ASO paid and remitted by customer) Groups and Individuals	$1 pmpy in Year 1 $2 pmpy in Year 2
Insurer Fee	• Annual fee on health insurance sector, allocated by market share, to fund health insurance exchange subsidies • Fees assessed on net written health insurance premiums, with certain exclusions • No federal guidance received to date	1/1/14	Permanent	No later than September 30 of calendar year	FI Only Groups and Individuals	Industry wide targets $8B – 2014 $11.3B – 2015 $11.3B – 2016 $13.9B – 2017 $14.3B – 2018 ~ 2.3% of premium
Reinsurance Fee	• Transitional fees to stabilize individual market; assessed on a per capita basis for both fully insured and ASO members • Fee funds reinsurance for high claimants in non-grandfathered individual market plans, on and off Exchange • Final Rule from CCIIO; proposed rule of benefit and payment parameters received Nov. 30, 2012. Final rule pending.	1/1/14	3 Years (2014-2016)	Annual basis for state and federal First payment to be remitted by 1/15/15 for 2014 calendar year	FI and ASO (ASO funded by customer, TPA remit on behalf of ASO groups) Groups and Individuals	Industry wide federal targets, to which states may add: $12B – 2014 $8B – 2015 $5B – 2016 ~ $6 pmpm

Projections based on analysis of study by Oliver Wyman & AHIP 2012

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Taxes and fees at a glance, continued

	Description	Effective Date	Timing/ Duration	Payment Cycle	Segment Impact	Basis of Assessment
Risk Adjustment Program and Fee	• Levels the playing field by protecting health insurance issuers of risk-adjusted plans, such as UnitedHealthcare, against adverse selection by redistributing premiums from plans with healthier populations to plans with unhealthier populations • The modest ~ $1 pmpy fee for first year (2014) is assessed on issuers of risk-adjusted plans in the non-grandfathered individual and small group markets, whether in or out of the Exchanges • Fee helps fund the administrative costs of running the program	2014	Permanent	Collected from issuers in June of the year following the benefit year as part of the processing of payments and charges	Groups and Individuals	~ $1 pmpy
Excise Tax on High-Cost Coverage (Cadillac Tax)	• Imposes an excise tax on insurers and employers who offer rich benefit coverage • No federal guidance received to date	1/1/18	Permanent	TBD	FI and ASO Groups	40% of value of employer-sponsored coverage exceeding $10,200 individual/$27,500 family; indexed by cost of living in subsequent years

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