

Quality health plans & benefits
Healthier living
Financial well-being
Intelligent solutions

aetna®

Utah Health Insurance Association Education Conference

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December 5, 2013

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Our vision for a sustainable, affordable Health Care system



- The outcome of Health Care Reform will have a profound impact on our customers
- There are serious challenges left unmet by the current legislation
- Aetna is committed to being a key part of the solution - now and in the future

A mix of economic and health care priorities will inform the path forward

The ACA addresses access without providing for quality and/or affordability



Economic and health reforms are needed

- Compliance with the ACA remains a top priority
- Opportunities to improve the ACA remain
- The “fiscal cliff” is real
- Entitlement reform is essential to protect health care “safety net”
- State-level support remains uneven
- Employer-sponsored coverage is expected to continue to thrive

Political and Regulatory Landscape

Economic and health care priorities continue to be informed by an evolving political landscape

Legislative opportunities are limited

- Highly partisan House and Senate makes consensus on many issues difficult
- Potential for legislative fixes during and after open enrollment and Exchange roll-out

Regulatory environment provides greater chance for change

- ACA implementation timeline is extremely compressed; Administration working urgently to address issues identified since launch of Public (Federal) Exchange
- Regulators are seeking stakeholder input within the scope of the ACA statutes and existing regulations: priority placed on employer perspective

Entitlement programs face budget and modernization pressure

- Overall goal is to expand access while fostering quality of care and affordability
- Sustainability of Medicare and Medicaid is a major concern
- Comprehensive tax reform may be a vehicle for entitlement proposals

Continued, active participation needed to shape future of U.S. health care

- Every individual, employer or plan sponsor is affected by some aspect of the health care reform legislation (ACA)

11/14/13 President Obama Announcement

“Keep What You Have”

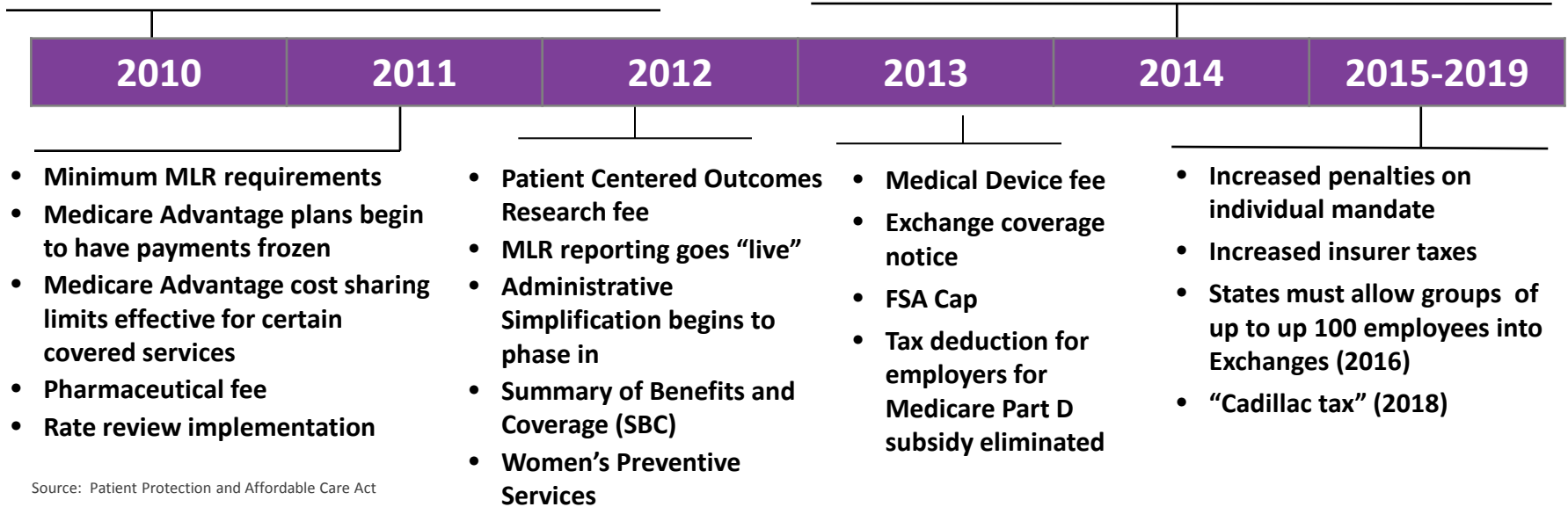
On 11/14/13 President Obama announced a stop-gap measure for the ACA to combat operational difficulties and keep his earlier promise that Americans could “Keep what you have” (KWYH) if they like their current insurance. Key provisions include:

- Carriers have the option to continue existing plans although State DOIs have authority and can rule for or against the option in their state
- One year extension actually extends non-ACA compliant plans through 10/1/2015
- Carriers will have to inform customers which ACA compliant protections are not being met in their current plan
- Applicable to Individuals, Small Group and Student Health lines of business
- Applicable to consumers in a current plan as of 10/1/2013

Health Care Reform Overview

Health Care Reform Timeline

- **Benefit coverage changes**
 - Preventive Care with no cost share in network
 - Dependent children < age 26
 - No pre-ex < age 19
 - Prohibits rescissions except fraud / intentional misrepresentation
 - No lifetime / annual dollar limits on essential benefits
 - Patient protections
 - Appeals and External Review updates
- Temporary high-risk pool
- Uniform MLR definition (NAIC)
- HHS Plan Finder
- **Guaranteed issue**
- **Individual coverage mandate**
- **Individual subsidy**
- **State individual and small group Exchanges operational**
- **Essential health benefits**
- **Medicaid expansion**
- **Reinsurance fee**
- **Employer “Pay or Play” Mandate and related definition of Full Time Employees (enforcement delayed until 2015)**
- **Annual reporting of employee coverage (delayed until 2015)**
- **Rating rule changes**
- **Insurer taxes**
- **90-Day maximum waiting period**
- **Auto-Enrollment of Newly Hired, Newly Eligible Full-Time Employees (delayed)**
- **Wellness incentives**
- **Medicare Advantage MLR Requirements**



Source: Patient Protection and Affordable Care Act

Employer Reporting Requirements

Year	Notice / Report	Insured Plan Sponsor	Self-funded Plan Sponsor	Health Plan / Carrier
2012	Summary of Benefits and Coverage (SBC)	✓	✓	✓ <i>(Insured only)</i>
2013	W-2 Reporting <i>(250+ employees)</i>	✓	✓	N/A
	Notice of Coverage Options	✓	✓	N/A
2015	Reporting of Health Insurance Coverage <i>(IRC 6055)*</i>	N/A	✓	✓
	Reporting of Health Insurance Coverage <i>(50+ FTEs – IRC 6056)*</i>	✓	✓	N/A
TBD	Automatic Enrollment Notice <i>(over 200 employees)</i>	✓	✓	N/A
	Quality of Care Reporting	N/A	✓	✓
	Transparency Reporting Requirement	N/A	✓	✓

*On 7/2/13, the Obama Administration announced it intends to delay enforcement of the ACA's employer mandate and information reporting requirements for one year, until 2015. The ACA's employer reporting requirements for minimum essential coverage (IRC sections 6055 and 6065) will be on a voluntary basis for 2014, and will not become mandatory until 2015.

Exchanges

Types of Exchanges



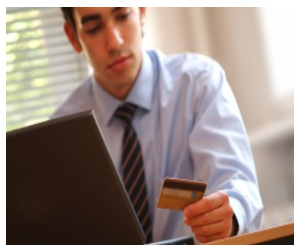
Public Exchange - Individual

- Managed by federal or state government
- Travelocity®-style shopping experience
- Provides access to tax credits and subsidies to promote affordability



Public Exchange - Small Group (SHOP)

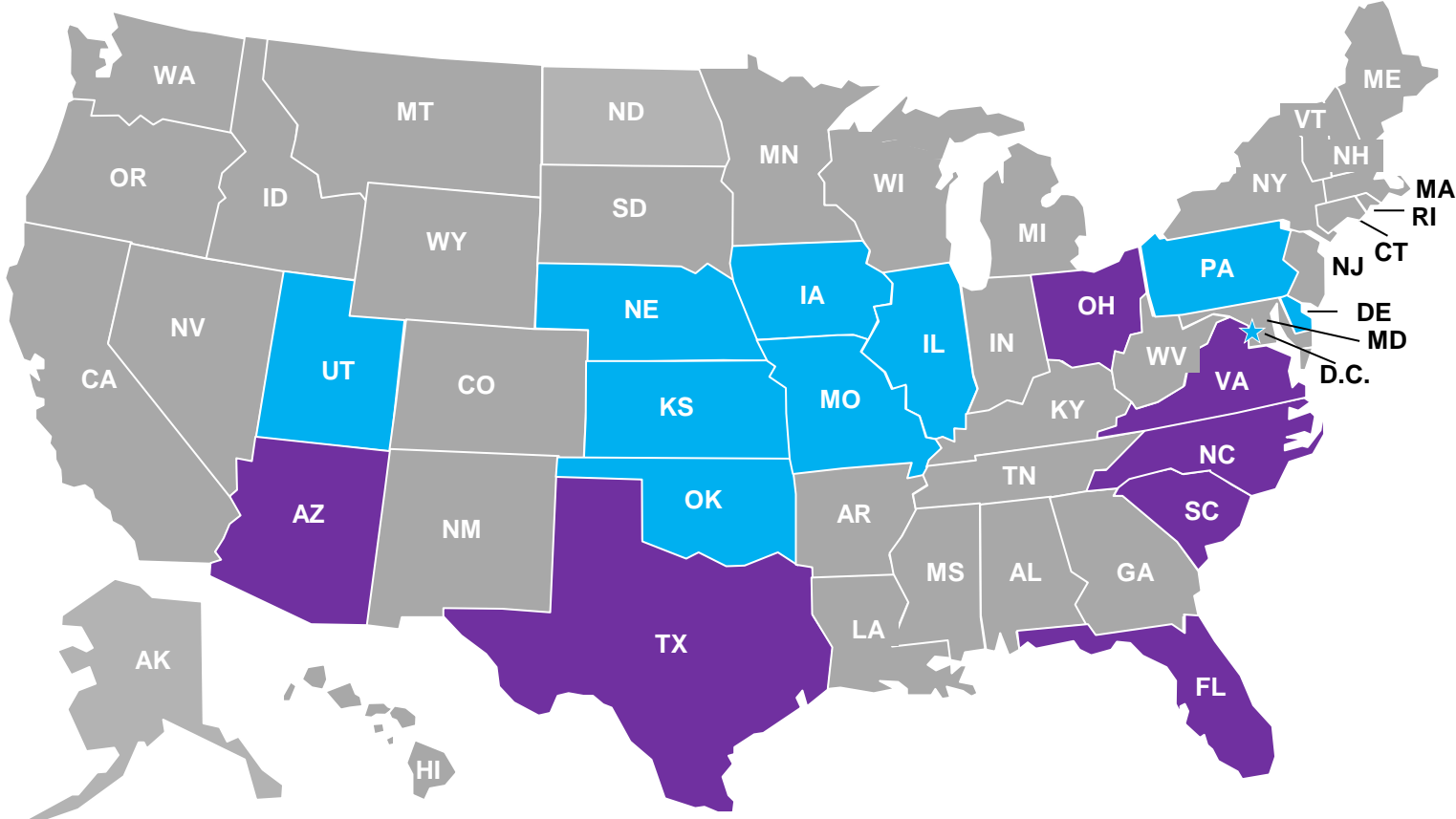
- Target groups with up to 100 lives; states can opt to limit up to 50 lives until 2016
- Managed by federal or state government
- Small businesses shop for insurance for their employees
- States will decide on the degree of choice and contribution models offered to employees



Private exchanges

- Exist today; interest is growing
- Managed by third parties, not the government
- No access to tax credits and subsidies

Statewide vs. Limited Participation for Individual Exchanges




Individual exchange products available statewide*

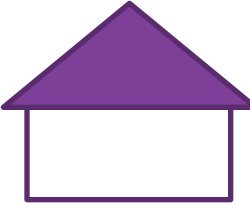
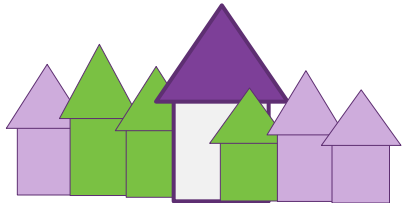
Individual exchange products offered to limited geographies

**"Statewide" is defined as having products (either Aetna or Coventry or both) available in all rating areas.*

Private Exchanges – Considerations for Employers

Closed



Model	Pros	Cons
<p>Proprietary Store</p> 	<ul style="list-style-type: none"> • Flexibility of benefits • Total population health • Superior decision support • Streamlined administration • Analytical value 	<ul style="list-style-type: none"> • No choice of health carrier
<p>Open Mall</p> 	<ul style="list-style-type: none"> • Reduce HR resources • True defined contribution • Consumer choice • Long term cost control 	<p>Limited to no control over:</p> <ul style="list-style-type: none"> • Benefit design • Member communications • Member experience

Open

Utah and the Affordable Care Act

*Federal reform mandates an extensive set of requirements for states' Exchanges
Governor Herbert negotiated with HHS for a "Utah style" solution*

Overview of the Utah Health Exchange

History and Background of the Utah Exchange

- Utah established its Exchange through legislation passed in Mar. 2008 and Mar. 2009
- Pilot with small businesses was launched in Aug. 2009. Exchange opened to all small businesses in Sept. 2010
- 2011 legislation limits Exchange to small employers.
- The Utah Exchange follows a "market facilitator" model
 - All plans with minimum benefits allowed to participate
- Utah's Exchange is a *defined contribution* market
 - Employees choose their own coverage
 - Employers contribute a defined amount toward each employee's policy
 - Rebranded as *Avenue H* in 2012 to disassociate mechanism from federal exchange efforts

SHOP Exchange

- State permitted to continue using *Avenue H* to serve small employers
- Growth is slow – as of November 2013 covers 358 employers and 8157 lives
- Accessible directly via a new shopping portal or through brokers

Individual Exchange

- Federally Facilitated Marketplace being used as the individual exchange.
- 84% of individuals qualify for tax subsidies (Families USA)
- Licensing of Navigators proceeding at slow rate
- UT allows early renewals lessening impact of recent coverage extension announcement by President

Medicaid Expansion

- Governor has requested several studies on feasibility of expansion but continues to push decision forward

Health Care Reform Resources

Health Care Reform Tools and Resources

Available tools and resources to help our customers understand the potential impacts of the ACA and identify the best course of action

www.HealthReformConnection.com



Aetna has invested significantly in freely available online resources to provide customers with the latest legislative updates, analysis and impacts of Health Care Reform.

Health Care Reform Videos



Quick and easy-to-understand overview of exchanges and Health Care Reform

Broker, Consultant, & Customer Webinars



Aetna continues to provide educational and training sessions for our customers to ensure they are armed with the most current information on Health Care Reform.

Take Home Messages



- Aetna remains focused on participating in the transformation of the health care delivery system such that all Americans have a choice of affordable, simple health care options
- Aetna remains committed to fostering compliance with the ACA and helping our customers achieve the same
- As constructive advocates for the people who use our services, we continue to work with HHS, NAIC and other agencies to shape regulations and avoid unintended consequences
- We all have a role to play; get and stay informed

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