

Affordable Care Act Provisions in Effect NOW for 2014

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Over the past few months, various provisions of the Patient Protection and Affordable Care Act (ACA) have been delayed beyond their original effective dates. Last July, enforcement of the employer mandate to provide affordable coverage was pushed back one year until 2015. In November, the date on which the online federal exchanges for small businesses would be available for enrollment was pushed back until November 2014. And just last week, the *New York Times* reported that the Obama administration was considering delaying its enforcement of the nondiscrimination requirements applicable to insured plans covering highly compensated individuals until at least 2015. These represent just a few of the many postponements that have hampered the administration's rollout of the ACA.

Notwithstanding these delays, it is important to remember that numerous provisions of the ACA—including many that have a substantial impact on the design and operation of employer group health plans—did kick in on schedule. Below is a brief summary of some of the mandates in effect as of January 1, 2014 (note that some of these requirements are imposed as of the first plan year beginning on or after January 1, 2014):

- *Caps on deductible and out-of-pocket maximums.* Certain non-grandfathered employer health plans must now comply with cost-sharing limits for essential health benefits, including an annual out-of-pocket maximum limit (applicable to all plans) and an annual deductible maximum limit (applicable to fully insured plans in the small group market).
- *Elimination of annual limits.* Annual dollar limits on essential health benefits are now prohibited (except under grandfathered individual health plans). This requirement is in addition to the already applicable prohibition on lifetime dollar limits on essential health benefits for all plans.
- *90-day cap on eligibility waiting periods.* Group health plans now may not impose waiting periods longer than 90 days before starting coverage.
- *New wellness plan rules.* The final requirements applicable to employment-based wellness programs (including standards for nondiscriminatory health-contingent wellness programs and rules governing the maximum rewards that may be offered under wellness programs) are now in effect.
- *Coverage of Dependents to Age 26.* Non-grandfathered plans were required to cover adult children dependents through age 26 beginning in 2010, but grandfathered plans were only required to do so if the adult child was not

eligible to enroll in another employer-sponsored health plan. As of 2014, grandfathered plans are now required to extend coverage to all adult children dependents through age 26, regardless of their eligibility to enroll in another plan.

- *Elimination of Pre-existing Condition Exclusions.* Beginning in 2010, group health plans were prohibited from excluding individuals under age 19 based on pre-existing conditions. As of 2014, all pre-existing condition exclusions are prohibited.
- *Reinsurance fees.* Health insurance issuers and self-funded group health plans are now required to contribute to a transitional reinsurance program from 2014 to 2016. The fees will be used to pay insurers in the individual market to cover high cost/high risk individuals.
- *Coverage for clinical trials.* Non-grandfathered health plans are now required to cover certain routine costs for qualified enrollees who participate in approved clinical trials.

As noted above, these are just a few of the ACA provisions that are being implemented for 2014, many of which apply differently depending on whether the plan is self-funded or fully-insured, grandfathered or not grandfathered, employer-sponsored or individually obtained. If you would like additional information regarding any of the rules taking effect now or in future, please do not hesitate to contact me or another member of the W&S team.

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