Kilpatrick

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Reinsurance Proposed Regulations - Released

Additional reinsurance fee guidance was released this morning. We are still pouring over the almost 400-page set of regulations. Clearly, HHS has been busy the last few months, and for the most part the rules are friendly to employer plans. There are a few initial items I wanted to send out today:

1. Wellness Plans and related Disease Management plans are excluded from the reinsurance fees. This is a tremendous win for employers.
2. There is no blanket exception for retiree-only plans. HOWEVER, there is an exception for Medicare-eligible individuals where the employer coverage would be secondary to Medicare. Basically, this means that pre-65 coverage is subject to the reinsurance fees, unless another exclusion applies. But, post-65 coverage should be excluded from the reinsurance fees. In the comments we submitted to HHS, we argued for a blanket retiree-only plan exception, with the fallback being that Medicare-eligible participants should be excluded. So, this is at least a half a win for employers.
3. Health FSAs, and stand-alone dental and vision remain excluded.
4. Special rules are created to ensure double-counting does not occur (such as in the case of carved out prescription drug plans), as well as voluntary options on how to count covered lives. Again, these are great wins for employer plans.
5. HRAs are included in the reinsurance fee, but only if they provide “major medical coverage.” Thus, a premium-only HRA may not meet this rule. Additional review will be necessary on this issue.

Link Public Viewing of Proposed Regulations