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# HEALTH CARE REFORM LAW

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## What It Means for You

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In March 2010, Congress passed and the President signed a new health care reform package into law. We understand you may have questions about the new health care reform law, and how it may affect your HumanaOne health plan.

That's why we've put together this information. We hope it will answer some of your basic questions about the new law, what to expect, and which changes may affect you and your family.

### Change Takes Time

The health care reform law is thousands of pages, with hundreds of provisions that insurers will implement over the next several years.

**There were no immediate changes to your HumanaOne health plan when the new law was enacted in March 2010.**

Starting in late September 2010, you may see some changes in your health plan when it renews. Humana will let you know about any changes before your plan renews.

It's important to keep a few things in mind. Many of the law's provisions are general in nature. Legislative and regulatory bodies will pass additional laws and issue rules, regulations, and guidance that explain how health plans must comply. Not all of the rules and regulations have been released, so it's difficult to understand the full impact of health care reform on any member's specific health coverage. In the meantime, we can share what we do know.

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## QUESTIONS & ANSWERS

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**Q: When will I start to see changes to my health plan because of health care reform?**

**A:** Many of the provisions in the new law will not take effect for several years. At the earliest, provisions that affect individual health plans will take effect six months from the date of enactment — in late September. Even then, most of those early provisions will not affect your plan until it renews. Humana will let you know about any changes before your plan renews.

**Q: Do I need to do anything differently, now that health care reform is law?**

**A:** No, you can use your health plan as you normally would.

**Q: Will my premium change due to health care reform? Will more services be covered?**

**A:** It's hard to say how your plan's benefit design and premium rates might change until we know more about the law and how state and federal regulatory agencies will apply its provisions.

**Q: What about "grandfathered" health plans?**

**A:** Under the new law, the plan you had as of March 23, 2010, is considered a "grandfathered" plan. Such plans are exempt from many — but not all — reforms.

New plans, effective after March 23, 2010, are not "grandfathered" and will be subject to changes that could cause premiums to rise higher than they otherwise would. For example, the new law will eventually eliminate annual limits on certain key health benefits and require plans to include a mandatory package of "essential benefits." While such benefits may appear attractive, they also can make premiums more expensive. (See the timeline on page 5 for more.)

*You may lose your rights to a "grandfathered" plan if you make changes to your existing health plan.* Humana won't make any changes that will affect your "grandfathered" status. However, you could make changes that cause you to lose this status, such as:

- You switch to a plan that pays a lower coinsurance percentage
- You increase your deductible by more than 18 percent
- You choose a plan with higher copayments

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## BUYER BE AWARE

The U.S. Department of Health and Human Services (HHS) warned consumers about people selling fraudulent health insurance policies — sometimes referred to as “Obama Care.” If you think you were approached about a fraudulent health plan, please contact your state department of insurance, or the agency that regulates health insurance in your state.

- You choose a plan that eliminates all or most benefits for a particular condition
- You enroll in a new plan — with the same insurance company or a different one — that has an effective date anytime after March 23, 2010

Other changes, such as increasing your benefits or adding coverage for a family member, will not cause you to lose “grandfathered” status.

### **Q: I've read that reform is supposed to lower health care costs. Will HumanaOne members be eligible for any rebates?**

**A:** Any premium changes — up or down — due to health care reform will occur in the future.

Not all of the law's rules and regulations have been released, so it's difficult to understand the full impact of health care reform on any member's specific premiums.

### **Q: Does the new health care reform law provide me with free health care coverage?**

**A: No.** The new law **does not** mean that you're now covered under a free government health plan. Such a change is not part of the new health care reform law.

One of the goals of health care reform is to create additional health insurance options, whether from private health insurers or expanded public programs like Medicaid.

The new law includes additional provisions designed to help low- and moderate-income people afford health care coverage. Under the new law, in 2014 premium assistance for uninsured individuals with incomes between 133 – 400 percent of the federal poverty level will be available for plans purchased through new, state-run exchanges. The amount of assistance will depend on your income. The lower your income, the more assistance you can expect.

Also in 2014, Medicaid will expand to cover people with annual incomes at or below 133 percent of the federal poverty level. That's \$29,327 for a family of four. If you think you qualify, the agency that oversees Medicaid in your state can likely give you more information.

As always, you should carefully evaluate your personal situation and insurance options before making any decisions about your health care coverage. Only you can make sure you have the health insurance coverage that you and your family need and want.



**Q: I currently have a HumanaOne health plan and would like to continue coverage for my child who is over 21. Can I do that?**

**A:** A provision of the new health care reform law allows adult children to remain on their parents' plan until their 26th birthday. Although this provision takes effect on September 23, 2010, Humana agreed to make this change earlier to eliminate what otherwise could have produced a gap in coverage for adult children who are already on their parents' HumanaOne medical plan.

Beginning in July 2010, adult children may stay on their parents' HumanaOne medical plan until age 31 if coverage isn't available through their work and they are not married. If the adult child is married, coverage will be available until they reach at least their 26th birthday. In some states, married dependents can remain on their parents' policy beyond their 26th birthday. If you have questions or want information about your specific state, call HumanaOne customer service at the toll-free number on the back of your HumanaOne insurance ID card.

Remember that this change only applies to adult children who are currently covered by their parents' HumanaOne plan. By making this change earlier than required, we hope it provides not just extended health insurance coverage, but also peace of mind for families with HumanaOne.

**Q: I currently have a HumanaOne health plan and I'd like to add my 21-year-old child to my plan. Can I do that?**

**A:** Yes. HumanaOne offers coverage for adult children until their 25th birthday in most states, and beginning September 23, 2010, HumanaOne will cover adult children up until they reach at least their 26th birthday, as required by the new health care reform law. In some states, adult children can be covered by their parents' HumanaOne policy beyond their 26th birthday.

Like all applicants for a new policy, the adult child's health history would be reviewed by HumanaOne to determine if they qualify for coverage.

**Q: I do not currently have a HumanaOne health plan, but I'm interested in purchasing a HumanaOne policy. Would I be able to cover my child who is older than 21 on my HumanaOne plan?**

**A:** Yes. HumanaOne offers coverage for adult children until their 25th birthday in most states, and beginning September 23, 2010, HumanaOne will cover adult children up until they reach at least their 26th birthday, as required by the new health care reform law. In some states, adult children can be covered by their parents' HumanaOne policy beyond their 26th birthday.

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Like all applicants for a new policy, the adult child's health history would be reviewed by HumanaOne to determine if they qualify for coverage.

**Q: My family member has a pre-existing condition and isn't eligible for coverage right now. When will they be able to get coverage?**

**A:** We know that many people are eager to obtain coverage.

The new law says that starting in 2014, health plans cannot have pre-existing condition limits and will be guaranteed.

The new law also ends pre-existing condition limits for dependent children under the age of 19 under certain plans sooner than 2014. When this goes into effect, insurance companies won't be able to:

- Deny coverage to a child because of a pre-existing condition
- Deny payment for a child's treatment because the treatment is related to a pre-existing condition

These rules will apply to all types of health insurance, except for individual policies that are "grandfathered." Not all of the rules and regulations have been released, so it's difficult to understand the full impact of health care reform on any specific person's coverage.



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## TIMELINE

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Here is when some of the health care reform law's provisions take effect. Remember, some details of the law are likely to change.

### **2010, immediately:**

- The U.S. Department of Health and Human Services (HHS) will establish a process for federal review of rate increases.

### **2010, July:**

- An Internet portal will be created for consumers and small businesses to shop for health insurance.

### **2010, September:**

- Health plans may not impose lifetime limits on the dollar value of essential benefits.
- Annual dollar-value limits on benefits are restricted. (*Does not apply to "grandfathered" individual plans.*)



- Insurers may not rescind (void) health insurance policies, except in cases of fraud or intentional misrepresentation.
- Adult children who are currently on their parents' policies and unable to get insurance through their jobs may stay on their parents' policies until age 26, regardless of their marital status.
- Plans may no longer impose pre-existing condition exclusions on children under 19. (*Does not apply to "grandfathered" individual plans.*)
- New policies must cover the full cost of preventive care. (*Does not apply to "grandfathered" individual plans.*)

#### **2011:**

- Health savings accounts and flexible spending accounts may no longer be used for over-the-counter purchases unless those purchases have been prescribed by a doctor.
- Insurers must spend 80 percent of individual health insurance premiums on medical services or provide rebate payments to enrollees.
- A national, voluntary insurance program is established for purchasing long-term care services (CLASS — Community Living Assistance Services and Supports — program).

#### **2012:**

- A new fee is imposed on health insurance companies to fund comparative effectiveness research (research to determine the most effective regimens, drugs, supplies, and therapies for various diseases and conditions): \$1 per participant through 2013; \$2 per participant through 2019.

#### **2013:**

- Contributions to flexible spending accounts are limited to \$2,500 per year.
- Medicare payroll tax increases by 0.9 percent for individuals who make more than \$200,000 and couples that make more than \$250,000.
- A new 3.8 percent tax will be added on income from interest, dividends, annuities, royalties, and rents for those at the same income threshold.



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## 2014:

- Health insurers must accept every individual who applies for coverage.
- Health plans can no longer impose pre-existing condition exclusions for any person of any age. (*Does not apply to “grandfathered” individual plans.*)
- No annual limits on health insurance benefits. (*Does not apply to “grandfathered” individual plans.*)
- State health insurance exchanges introduced for individuals to buy insurance.
- Rating restrictions go into effect: Insurance companies cannot charge women more than men, old people more than three times what young people pay, or smokers more than 1.5 times more than what non-smokers pay.
- Essential benefit plan is created, which mandates the level of benefits that must be included in individual health insurance plans. (*Does not apply to “grandfathered” individual plans.*)
- A temporary reinsurance program is established in the individual market and funded by individual and group health plans assessments (\$25 billion in 2014 – 2016).
- Families and individuals between 133 and 400 percent of the Federal Poverty Level get subsidies — on a sliding scale — to purchase insurance.
- Medicaid program is expanded to cover everyone under 65 with an income less than 133 percent of the Federal Poverty Level.
- A non-deductible premium tax is imposed on insurers (\$8 billion in 2014, rising to \$14.3 billion in 2018, and increasing proportional to overall premium growth after that).

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## 2016:

- States can form health choice compacts to allow insurers to sell individual policies in any state participating in the compact.

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# WHAT WE BELIEVE

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**Humana believes all Americans deserve affordable, quality health care coverage.**

Our company has said for a long time that we must enact comprehensive, bipartisan reform that guarantees coverage, with everyone participating in the system, and that makes pre-existing conditions a thing of the past.

The new health care reform law contains many positive, important reforms that we support, but it also contains provisions that we are concerned may result in much higher costs for young adults as well as seniors and disabled Americans who get their Medicare through a Medicare Advantage plan. Humana also believes that more needs to be done to control the underlying cause of our health care crisis — rising health care costs.

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IMPORTANT: The information in this brochure applies to health plans only. Humana designed this brochure to provide a general overview of the new health care reform law. It does not attempt to cover all of the law's provisions and should not be used as legal advice.

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