



July 29, 2014

CLIENT NEWS BULLETIN

To: Our Valued Clients and Members

From: Jerry Crisostomo, Plan Administrator

Subject: Recent HHS Decision on the Affordable Care Act (ACA)

With the recent decision by the U.S. Department of Health and Human Services (HHS) pertaining to the Affordable Care Act and what is applicable to Guam, this bulletin will explain the HHS Decision and what it means for our clients and members.

Overview

The provisions of the Affordable Care Act generally provided comprehensive health insurance benefits to residents of the fifty states and the District of Columbia. In order to fully provide the comprehensive health insurance benefits, the law included provisions for premium subsidy, individual and employer mandates to purchase health insurance, expanded Medicaid program for households with income below 133% of the federal poverty level.

The U.S. Territories including Guam implemented and complied with the provisions and regulations of ACA on the premise that comprehensive health insurance coverage is beneficial and good for the consumers of Guam. However, during the implementation phase, both the health insurance industry on Guam as well as our government leaders came to the realization that without the support of the premium subsidy and the mandate for individuals and employers to purchase health insurance, the cost of comprehensive health insurance coverage on Guam will become exponentially costly and unaffordable for individuals and small employer groups.

Relief Sought

Given the above situation, the Territories through their respective Insurance Commissioners had ask President Obama and the U.S. Department of Health and Human Services to provide some relief. Subsequently, the Centers of Medicare and Medicaid Services (CMS) reversed a previous decision and opinion of the agency and declared that

the market reform provisions of the Public Health Service Act (PHS Act) are not applicable to the Territories effective July 16, 2014 and forward.

What is Still applicable to Guam

The following provisions that were implemented prior to January 1, 2014 will remain unchanged and are still under compliance, these include but is not limited to the following provisions:

- Preventive Care covered at 100%
- Dependent children cover up to age 26 years
- Prohibition on lifetime or annual plan limits
- Prohibition on recession of policy
- Internal and external appeals process
- Tax Imposed on health insurance premiums
- Maximum out of pocket limit for an individual and family
- Prohibition on placing pre-existing conditions for children 19 years and under
- Women's Preventive Health Care Provisions

What is NOT applicable to Guam

The specific PHS Act provisions that no longer apply to Guam include the following:

- Guaranteed Availability
- Community Rating
- Single Risk Pool
- Rate Review
- Medical Loss Ratio Rebate
- Essential Health Benefits

The HHS decision will be supplemented by additional regulations and amendments that will further explain specific provisions of the ACA and PHS Act that will or will not apply to Guam.

I would also like to re-emphasize that ALL provisions under the Health Care Reform Act that was implemented prior to January 1, 2014 will remain unchanged.

Please feel free to contact your account service representative if you should have any questions or need further clarification on this matter.

Thank you again for your patronage and business with NetCare!