

"Where you start is not nearly as important as where you finish."
- Zig Ziglar

LTC EXEMPT FROM GENDER-BASED PRICING

Although the Affordable Care Act (ACA) prohibits insurers selling individual and small group insurance from charging women higher premiums than men, this will not apply to long term care coverage. Recently, several carriers are evaluating their book of business to implement a change to their pricing policy, possibly increasing women's premiums by 20 to 40 percent. The new rates do not apply to existing policyholders, but will affect women who buy new individual policies.

Women receive approximately two of every three claim dollars and typically live longer than men, often acting as caregivers when their spouses need long term care. Most often when a woman needs care, she requires nursing help paid by insurance.

Gender-based pricing was found in 92% of top selling health plans in the individual market in states where the practice was allowed, according to a 2012 study by the National Women's Law Center. Almost one-third of plans charged women at least 30% more than men for the same coverage.

Small group and individual health policies sold in the state-based exchanges (now called "marketplaces") or outside on the private market will have premiums varied by only geography, family size, age, and tobacco use (except for grandfathered plans).



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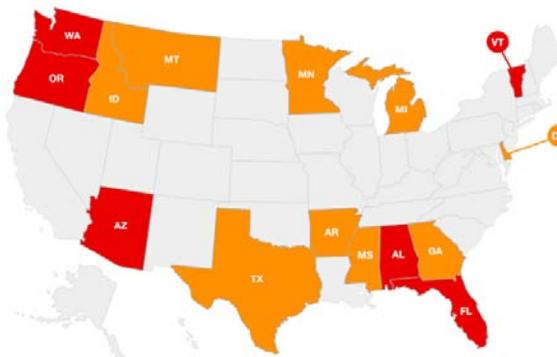
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1 IN 3 HEALTH PLANS' OUT-OF-POCKET COSTS FAIL TO MEET PPACA STANDARDS

While more employers are becoming aware of the regulations imposed by the Patient Protection and Affordable Care Act (PPACA), there is one area which has remained out of the spotlight: the limitation of healthcare out-of-pocket costs. The statutory language of the PPACA stipulates that group health plans (including insured and self-insured plans of large employers) cannot require out-of-pocket payments that exceed the out-of-pocket limits for HSA-compliant High Deductible Health Plans (HDHPs). For example, those limits in 2013 are \$6,250 for an individual and \$12,500 for a family. Beginning in 2014, this overall out-of-pocket maximum will have implications for non-HDHP plans.

Average Annual Out-of-Pocket Limit By State

(Deductibles included in out-of-pocket limits for all plans)



- More than \$1,000 above ACA out-of-pocket limits
- Less than \$1,000 above ACA out-of-pocket limits
- Averages are within ACA out-of-pocket limits

IT'S NATIONAL NUTRITION MONTH®

"Eat Right, Your Way, Every Day." Great nutrition doesn't mean starving yourself of what you want to eat; it means maintaining a healthy balance and managing your portions. So...

How Do You Know What is a Healthy Balance or Portion?

- Remember the food pyramid? When you look at your plate, half should be fruits and vegetables, while the other is grains, proteins, and dairy. Through your meals and snacks, incorporate the following amounts of each per day:

- 2 cups of fruits (fresh, frozen, or canned)
- 2 ½ cups of vegetables (vary from dark-greens like salads, red/orange like peppers, and beans/peas)
- ½ of your grain intake should be whole grains (whole wheat cereal, bread, or pasta)
- When picking proteins, choose seafood over meat or poultry. When eating meat, be sure it's lean.
- 3 cups of low-fat / fat-free dairy (milk, yogurt, and cheese)
- Use vegetable oil in place of solid fats like butter and reduce the amount of these oils (canola, olive, corn, or peanut).

- When you have a craving of a high calorie treat, you can indulge, but reduce the size and counteract those calories with physical activity.

How Do You Educate and Encourage Your Employees to Eat Right?

- Present a nutrition question or tip of the day. Make a contest and draw a winner out of the correct answers to the question.
- Provide a selection of fruits and vegetables throughout the week in the break room and then have employees vote for their favorites. After the votes are tallied, offer the highest ranked fruits and vegetables occasionally for a treat.
- Arrange a recipe contest among employees. Most nutritious and delicious dish wins.
- Supply coupons to healthy restaurants or grocery stores.
- Connect with a local fitness instructor and dietician to lead a series of nutrition and fitness sessions during lunch hour. Give each participant something for participating like a pedometer or water bottle.



Ideas and Tips on Healthy Eating Every Day

- Eat breakfast. Make a smoothie with banana, strawberries, and yogurt or top a waffle with yogurt and fruit.
- Prepare for snacks by cutting vegetables and fruits or packaging up single servings of nuts or crackers. Also, only snack when you're hungry; if you're stressed, try taking the dog for a walk or going for a bike ride instead of eating.
- Family pizza night is more fun when you and your kids make your own instead of ordering out. Try vegetable toppings like green peppers, broccoli, zucchini, spinach, onions, carrots, etc. It's pizza, so the kids will love it!
- When eating out, look up the menu ahead of time to find restaurants with healthy options available. They may even have a healthy menu section, so keep your eye out for it. Seek out key words like baked, broiled, grilled, or steamed. Ask the server to hold the bread until the meal arrives. Order small portions like appetizers or child-size items. You can also split a dish with a friend or get a to-go box ahead of time and put half away for another meal. Substitute fries with a baked potato or salad with dressing on the side. Share a dessert for the table.
- Eat slowly and stop before feeling stuffed.

REFORM IMPLICATIONS FOR YOUNG ADULTS

Currently, there are 42 states with age rating bands that are 5:1 or more. For example, in a state with a 5:1 age band, the amount an older individual will pay is limited to no more than five times what a younger individual pays in premium dollars.

Beginning in 2014, the Affordable Care Act (ACA) will limit the age rating band to 3:1. In anticipation of the resulting increase in premiums for younger individuals who live in states that currently have higher age bands, a recent study was conducted focusing on young adults.

It is important to note that the results of this study only reflect changes in an individual's out-of-pocket premium cost. Due to minimum actuarial values, as well as the inclusion of essential health benefits such as prescriptions and maternity coverage, benefits beginning in 2014 will be more generous than they are now. Additionally, the total cost of coverage will be lower for individuals with incomes below 250 percent of the federal poverty level (FPL) due to subsidized reductions in patient cost-sharing.

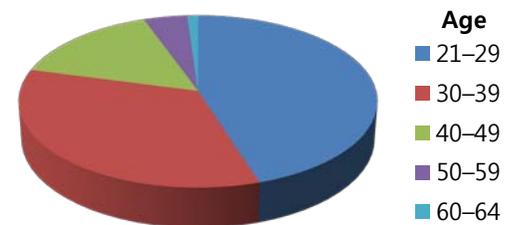
One of the most significant outcomes of the study pinpointed an increase in premiums for individuals between the ages of 21 and 44, even after taking into consideration the presence of the premium assistance. Young, single adults between the ages of 21 and 29 who have an income starting at 225 percent of the FPL and single adults up to age 44 with incomes starting at approximately 300 percent of the FPL, should plan on seeing higher premiums than they would have without the ACA. This is due, in part, to the fact that younger enrollees can purchase coverage that reflects what their actuarial cost would be based on age, as well as pooling other similar risk classes.

Results of the study also indicated that if premiums were to increase, on average, by 10 to 20 percent, premiums for younger, healthier individuals could increase by more than 40 percent. Even after implementing the provision allowing adult children to remain on their parents' coverage until age 26, this age group has an uninsured rate nearly twice the uninsured rate for the nonelderly population as a whole.

Not only could this age rating band limitation cause a drastic difference in affordability for individuals, it could cause an imbalance within risk pools, as well. This imbalance is the difference between those individuals who have immediate health care needs and those wanting to protect themselves from the possibility of unforeseen needs in the future.

Change in Premium for 2013-2014

Excluding Medical Trend
400% FPL



Source: Oliver Wyman Analysis

