

August 13, 2010

VIA ELECTRONIC MAIL

Jay Angoff
Director
Office of Consumer Information and Insurance Oversight
Department of Health and Human Services
Attention: OCIIO-9991-IFC
P.O. Box 8016
Baltimore, MD 21244-1850

REF: OCIIO-9991-IFC

RE: Interim Final Rules for Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Health Plan under the Patient Protection and Affordable Care Act.

Dear Mr. Angoff:

Catholic Health Initiatives (CHI) appreciates the opportunity to provide comments regarding rules for grandfathered health plan status under the Patient Protection and Affordable Care Act. CHI is a faith-based, mission-driven health system that includes 73 hospitals, 40 long-term care, assisted-living and residential units, over 60,000 employees, and two community health service organizations in 18 states.

CHI is focused on ensuring access to our health care benefit among our employees, particularly lower-wage employees, while also keeping health care costs as affordable and sustainable as possible. This priority is highlighted by our efforts in subsidizing coverage for eligible employees through CHI's *Health Care Assistance Program*, as well as making preventive care free, lowering generic drug copays and subsidizing benefits when incurred within our own hospitals and associated facilities.

To maintain the affordability of CHI's health plan for CHI and its employees, CHI instituted a number of plan design changes in January of 2010. Not only did we invest in some of the benefit enhancements outlined above (i.e. free preventive care, lower cost generics, etc.), but we also shifted our office visit cost-sharing from a flat dollar copay approach to a percentage-based coinsurance approach. This benefit change was done to enhance cost transparency and create a stronger sense of consumerism among our members – two critical elements to creating a more sustainable health care environment into the future. In fact, due to this change to coinsurance, out-of-pocket costs for our employees have actually fallen so far in 2010 for many of our employees compared to 2009.



A spirit of innovation, a legacy of care.

However, an unintended consequence of this shift in plan design strategy is the very real possibility that CHI may lose its grandfathered status under the Patient Protection and Affordable Care Act recently signed into law. Unfortunately, any change to coinsurance (which, as we understand it today, is not distinguished between inpatient, outpatient, professional, etc.) results in a loss of grandfathered status.

This is troubling to CHI since we are strongly considering making a small change to our office visit coinsurance benefit by increasing the coinsurance for specialist visits in 2011 by 5%. This slight change is meant to more closely align 2011 out-of-pocket expenses for members with the flat dollar copay structure we previously sponsored. This alteration to our health care design (one of four "small" tweaks we are making for 2011 – the other three are benefit enhancements) falls well within the "safe harbor" afforded to employers sponsoring a flat dollar copay which allows for an increase in copays of \$5 plus medical inflation for 2011.

After extensive analysis, we have found that the median impact to CHI members as a result of the 5% increase in specialist coinsurance is roughly \$4.50 per visit – well within the context of the flat dollar copay "safe harbor."

We respectfully ask that consideration be given to distinguishing changes to coinsurance, particularly for professional office visits (within similar "safe harbor" limits), in order to allow organizations in similar circumstances to CHI to maintain grandfathered status.

Thank you for allowing us to provide input on this important issue. Please feel free to contact me at 303-383-2642, or Allan Calonge, Director Health & Welfare Plans, at 859-594-3122, if you would like to discuss our comments further.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Vallier", written in a cursive style.

Herbert J. Vallier
Senior Vice President & Chief Human Resources Officer
Catholic Health Initiatives