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Group Health Plans and Health Insurance Coverage Rules Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Affordable Care Act

Comment On: IRS-2010-0010-0001

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

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Comment on FR Doc # 2010-14488

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Organization: American Association of Colleges of Osteopathic Medicine

Government Agency Type: Federal

Government Agency: HHS

General Comment

Please find attached comments submitted by Stephen C. Shannon, DO, MPH, on behalf of the American Association of Colleges of Osteopathic Medicine.

Attachments

IRS-2010-0010-0936.1: Comment on FR Doc # 2010-14488



AMERICAN ASSOCIATION OF
COLLEGES OF OSTEOPATHIC MEDICINE

August 16, 2010

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

Re: OCIO-9991-IFC, 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 (comments filed electronically at: <http://www.regulations.gov>)

On behalf of the American Association of Colleges of Osteopathic Medicine (AACOM), I appreciate the opportunity to comment on the interim final rules (IFRs) regarding grandfathered health plans under the Patient Protection and Affordable Care Act (PPACA). AACOM is a § 501(c)(3) trade association, which represents the administrations, faculty, and students of the nation's 26 colleges of osteopathic medicine and three branch campuses that offer the doctor of osteopathic medicine degree.

It is important to note that AACOM is a small- to medium-sized tax-exempt organization with approximately 30 employees and, in general, has the same obstacles for obtaining good, affordable health insurance coverage confronting other small- to medium-sized associations. AACOM is captive to a small number of health insurance providers and does not have the economic clout of larger enterprises.

AACOM purchases health insurance for its employees, enabling them to be fully insured. AACOM does not have the resources or ability to self-insure as a means to control our health insurance costs and benefits. AACOM, therefore, will greatly benefit from the expanded options for health insurance that will be available beginning in 2014 through the Exchange. The Exchange will allow small- to medium-sized organizations to benefit from the economics of pooling that is not currently available.

Because the benefits of the Exchange will not be realized until 2014, however, AACOM will continue to experience annual cost increases and lack of control over actual coverage until 2014. As such, the grandfathering of AACOM's existing coverage is extremely important, especially prior to the establishment of a working Exchange system.

AACOM is greatly concerned that the grandfather provisions outlined in the IFRs are too restrictive and will cause tax-exempt organizations, such as AACOM, to lose the grandfathering

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benefit we expected. If forced to consider options of a non-grandfathered plan before it has the benefit of an Exchange, AACOM is concerned that it may be priced out of the market and may even have to drop coverage – something that it does not want to do and would be contrary to the intent of health reform.

There are subsidies available for small employers to help offset the costs of providing insurance, but these credits are very limited and start to be phased out in the case that an employer has more than 10 employees. They are completely phased out if an organization has 25 or more employees, so AACOM cannot benefit from these subsidies. The credits are also phased out for employers with even modest compensation packages. Thus, while these subsidies do provide assistance for some small tax-exempt employers, their benefit is very limited and will not help AACOM.

Because AACOM is small- to medium-sized in terms of total numbers of employees, and it cannot self-insure, it is at the mercy of health insurance plans sold by private carriers. AACOM does not have control over co-pays and cost sharing. As such, simple changes to plans beyond AACOM's control can cause its plan to lose grandfather status. Also, because the Exchange is not currently in place, AACOM anticipates that the prospect of finding new affordable insurance that meets the new requirements of the PPACA is problematic. Furthermore, in order to control costs so that health insurance can be purchased for employees, AACOM often must work with its current insurance carriers to adjust co-pays and cost sharing in order to afford coverage, especially in the current economic environment.

AACOM is concerned that the IFRs as currently drafted may force it to make the difficult and undesirable choice of canceling health care coverage if grandfather status is revoked, especially before the Exchange is in place. This is a very real concern, and, in recent years, significant modifications and cancellations have occurred due to rising health care costs.

AACOM would suggest that for the interim period before the Exchange is established, small- to medium-sized employers be allowed to make cost saving changes to co-payments and cost sharing, provided they do not reduce the per-employee amount they pay for insurance. This could help AACOM adjust and preserve coverage in anticipation of greater reform and options that will occur, beginning in 2014.

AACOM also suggests that small- to medium-sized employers be allowed to change insurance carriers prior to 2014 and have our plans treated as a grandfathered plans, provided that we do not reduce the per-employee amount we pay for insurance. This would allow AACOM to maintain the level of coverage for employees and reap the benefit of a less expensive plan prior to the implementation of the Exchange.

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Thank you for this opportunity to express AACOM's views on this important issue. If you have questions or need further information, please do not hesitate to contact Susan Eads Role of AACOM at srole@aacom.org or 301-968-4152.

Sincerely,

A handwritten signature in black ink, appearing to read "SC Shannon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Stephen C. Shannon, DO, MPH
President and CEO