

August 1, 2012

9 At Glance Review for Private Health Insurance

The Federal Health Reform under the Patient Protection and Affordable Care Act (“ACA”), PL 111-148, the Health Care and Education Reconciliation Act, (“HCERA”), PL 111-152, and their regulation, has brought numerous changes relating to coverage expansions, insurance market reforms, as well as quality and affordability initiatives. While many significant reforms, such as major coverage expansions and Health Insurance Exchanges become effective in 2014, other provisions that are more in line with mandated benefits changes, rather than comprehensive reform, became effective September 23, 2010. In Puerto Rico, some provisions on ACA are not applicable such as the pre-existing condition insurance plan, small business tax credits, and individual subsidies for premium and cost-sharing.

In response to the federal health reform law, Puerto Rico’s legislature proposed bills to limit or alter selected state actions in order to be align with the health reform initiatives. Some of the local legislation and policy initiatives include:

1. ACA patient protections included in the “Patient’s Bill of Rights and Responsibilities”, Law # 161, 11/1/2010.
2. Creation of a New Puerto Rico Health Insurance Code to temper provisions of local law to the changes introduced by the Federal Health Reform. Law # 194, 8/29/11. (To be effective 2/25/12).
3. Territory Cooperative Agreement between the local government and the US Department of Health and Human Services (HHS), which will give Puerto Rico the resources to begin the early implementation activities needed to build a better health insurance marketplace and lay the groundwork for an operational Exchange.

MCS is committed to compliance with the state and federal new legislation, and we are fulfilling our obligation to implement new benefits and health plan requirements. We are now focused on helping our **beneficiaries and business partners** better understand how the health care coverage scenery has changed and how we can help them find and enroll in the best plan for their health needs. A brief description of some of the changes already implemented and some provisions we are currently working on for 2012 follows:

2010-2011 Implementation

Patient Protections

- Dependents Coverage until they reach the age of 26
- Elimination of Lifetime & Annual Dollar Limits

This document is intended to provide useful information to MCS clients, providers and/or beneficiaries. However, this communication does not constitute any type of legal counseling, nor does it substitute the judgment of any professional that you may consult.



- Prohibition of pre-existing conditions exclusions
- Preventive Health Services

Grandfathering Provisions

In general, MCS adopted the grandfathering provisions stated under the healthcare law. For more details regarding grandfathering provisions you can consult the Account Executive assigned to you.

Appeals Process

A good faith enforcement grace period was granted through January 1, 2012 for certain requirements.

MCS is working on compliance processes to update our plans with the internal claims and appeals processes, and the external review requirements.

Rate Review Programs

MCS is in compliance with the requirements of the federal health reform and the local health insurance commissioners' regulation.

2012 Implementation

Medical Loss Ratio Standards

In compliance with ACA, MCS completed the MLR evaluation for the 2011 small and large commercial groups. The MLR obtained surpasses the minimum required by law; thus, no rebates were issued.

Summary of Benefits & Coverage (SBC) & Uniform Glossary

MCS will develop a master SBC for groups and individuals products. According to ACA's regulation, the SBC will be available to employer groups and insured participants during sale processes, renewal periods and upon request. Uniform Glossary, Drug Formulary and Providers Directory will be available through the Internet and upon request.

Women Preventive Services

MCS is reviewing plans and policies to ensure that:

1. All recommended preventive services are covered according to ACA, and
2. No cost-sharing is imposed on the women recommended preventive services that are provided in-network.

While the regulation lists those recommended preventive services that must be covered without cost-sharing for the upcoming plan year, MCS will continue to monitor any updates to the women recommended preventive services list.

To facilitate communications regarding the implementation of the federal and local health reform provisions, MCS has been developing a series of informative bulletins or health updates with a summary of the particular ACA provision, brief impact analysis, key dates and MCS actions.

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Please contact your account executive to obtain copies of the 2010, 2011 and 2012 informative bulletins or health updates. MCS Life will continue to inform its community about its corresponding action plan as further regulation by the federal and local government is published.

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