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SECRETARY

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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 9, 2012  
**TO:** Group Insurance Board  
**FROM:** Arlene Larson, Manager of Federal Health Programs & Policy  
**SUBJECT:** Recent Changes Under the Patient Protection and Affordable Care Act (PPACA)

**This memo is for informational purposes only. No Board action is required.**

This memo is provided to inform the Group Insurance Board (Board) of items that health plans and staff are implementing to conform to the requirements of PPACA in the following areas:

1. Summaries of Benefits and Coverage (SBCs) and the federal uniform glossary
2. Updates to preventive care allowed at 100% coverage
3. A \$2,500 limit on health flexible spending accounts
4. Medical loss ratio status and potential for subscriber rebates
5. A \$1 per member per year fee for federal comparative effectiveness research
6. Notifications of health insurance exchanges to our subscribers

**DISCUSSION**

1. An SBC is a federally-mandated, multi-page document that is intended to help individuals across the nation compare health plans. Each health plan is currently required to issue an SBC for every plan type offered. An SBC details deductibles, coinsurance, and out-of-pocket limits for various services in a prescribed format. In addition, a federally-required uniform glossary defining common health insurance terminology will also be available. Members will be notified of the availability of these items via the *It's Your Choice: Decision Guide*. SBCs and the uniform glossary will be posted on the Employee Trust Funds (ETF) website. Members who want paper copies will be instructed to contact ETF.

Reviewed and approved by Lisa Ellinger, Administrator  
Division of Insurance Services

Lisa Ellinger 8/13/12  
Signature Date

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2. Preventive care that is required to be covered at 100% changes periodically and must be incorporated into a health plan, effective the group's renewal date. Based on the recommendation of the U.S. Preventive Services Task Force, the Advisory Committee on Immunization Practices, and the Bright Futures Guidelines recommended by the Academy of Pediatrics, PPACA added eight new service areas for women that must be covered at 100%, starting on January 1, 2013, for our program. The services consist of well-woman visits, gestational diabetes screening, human papillomavirus (HPV) DNA testing every three years, sexually transmitted infection counseling, HIV/AIDS screening and counseling, contraceptive counseling and access, breastfeeding support, supplies and counseling, and domestic violence screening and counseling.
3. A \$2,500 annual limit will be imposed on health flexible spending account (FSA) deferrals under the Employee Reimbursement Account Program (ERA), beginning in January 2013. This dollar amount will be adjusted annually for inflation. The ERA program currently has a \$7,500 FSA limit.
4. In July 2012, the medical loss ratio (MLR) provision of PPACA began a new process that required annual plan notifications of MLR and the potential for rebates to be sent to members. All health plans that are offered to our members confirmed they would not be issuing rebates because they met or exceeded the MLR requirement for 2011. Thus, the health plans spent health premiums properly on health care services and did not make excessive profits, as determined by the calculations and guidance of federal law. If rebates were necessary for the 2011 plan year, they would have been distributed in August.
5. Proposed regulations were recently issued to implement a \$1 per member annual fee, imposed on health plans and payable via IRS Form 720, for federal comparative effectiveness research. This research will focus on outcomes of various medical procedures to enhance evidence-based medical information. The health plans may be required to submit this fee beginning July 31, 2013.
6. Current law states that employers must notify employees of the health insurance exchanges, as they are to be in place in 2014. Staff will monitor this portion of the law and develop materials accordingly.

Staff will be available at the Board meeting to answer any questions you may have.