

Patient Protection and Affordable Care Act (PPACA) What It Means To CHIP Policyholders

Introduction

Although there are many facets, benefits, regulations and actions required under the new federal PPACA, the primary impact on Nebraska's CHIP policyholders is the focus of this new information section on our web-site. Beginning with this inaugural edition, your CHIP Board will prepare a periodic report to policyholders that provide up-to-date information about the law and what it offers and requires, assuming the individual access reforms go into effect, as currently enacted, on January 1, 2014. The intent of this report and those to follow is to provide information that helps policyholders to make informed decisions and take actions as appropriate.

Disclaimer

Please keep in mind that these reports are based on your Boards best information and assumptions at the time of publication. Numerous changes can take place before implementation. Your current CHIP coverage is authorized and partially funded by the State of Nebraska, and is therefore controlled by the Legislative and Executive branches. They are the only bodies that can officially set the rules and/or modify the program. The Patient Protection and Affordable Care Act is a product of the federal government which is likewise responsible for content and regulation.

THIS IS INFORMATION ONLY. IT DOES NOT REQUIRE ANY ACTION ON THE PART OF ANY CHIP POLICYHOLDER

Assuming the individual access reforms contained in PPACA are implemented as passed, virtually all Americans will have access to an individual health insurance policy beginning on January 1, 2014. The policies will be guarantee issued without regard for current health status or specific medical condition. It is expected that an initial open enrollment period will go into effect probably at least 90 days prior to the January 1, 2014 effective date. The benefit policies will be made available through some form of insurance purchasing exchange, the details of which are yet to be determined, in Nebraska. Pricing has yet to be calculated, but it will be essentially the same for all persons in a specific age class regardless of health status. This method of pricing is called "community rated". How rates will be subsidized, if at all, based on economic status, is yet to be determined.

When guarantee issue coverage goes into effect, it is assumed that there will no longer be a need for people to enroll in the Nebraska CHIP program. However, health insurance is administered on a "claims incurred basis". This means that if a claim for service is incurred, and the policy premium is current and the coverage is in effect, the claim will be valid for consideration.

Therefore, if a policyholder has need for medical services and a claim is incurred before January 1, 2014, that claim would be processed under the CHIP program even if filed for payment after January 1, 2014. This situation is called run-out. The CHIP administrator will continue to maintain funding and administer such claims until they are exhausted.

What does this mean for policyholders? At the appropriate time, current CHIP policyholders will have to select an available new health insurance policy. We do not expect an automatic conversion from CHIP to PPACA coverage. Preparation will be important. Stay alert for more news to follow. Do not terminate present CHIP coverage until a new policy is available under PPACA and enrollment is documented.