



SPECIAL EDITION

May 8, 2013

Products and Rates Filed for 2014

LifeWise Health Plan of Oregon is looking forward to serving our customers in the Individual and Small Group markets in 2014, and recently filed the rates and products with the Oregon Insurance Division (OID). We expect this filing information to be public by mid-May.

We know our customers will be hearing a lot of information about the Affordable Care Act and some of it may be confusing. We are committed to:

- Keeping you and our customers informed of changes that affect them and explaining why these changes are happening.
- Letting you and our customers know if they need to take action.
- Doing our best to make these changes easy to understand.
- Sharing information about choices our customers can make that will help keep costs down.

Individual & Family Products

Our filing includes a range of products that allow our customers to find the best coverage for themselves and their families. The new products comply with the Affordable Care Act (ACA) and will be available for open enrollment beginning October 1, 2013, with a first effective date of January 1, 2014. We will continue to keep you updated as these products are reviewed and approved by the OID.

LifeWise will offer Individual & Family products through **Cover Oregon** (the Exchange) and outside of the Exchange. Non-grandfathered Individual & Family plan members can move to a new plan as early as January 1, 2014, but as previously shared in the **April 18, 2013 Special Edition LifeWise CONNECTIONS** (.pdf), LifeWise Individual members may continue their current plan until March 31, 2014.

Grandfathered members will be able to keep their current plan. You will receive a book of business report in May identifying which of your Individual clients are on grandfathered plans.

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Rate Impact

The Affordable Care Act introduces new requirements that will increase the cost of healthcare coverage, with many customers likely to see a higher cost for coverage in 2014. Key factors driving up those costs, **before** considering the impact of federal subsidies, include:

- **More expensive benefits:** the ACA requires health plans to sell coverage with more expensive benefits than most customers choose to purchase today.
- **Higher medical costs for new customers:** an independent analysis shows new customers in the Exchange, including current enrollees in state high risk pools, have more medical needs – and higher claims costs – than today’s customers in the individual market.
- **Rating rules:** new rules reduce the amount by which health plans can vary rates based on age. From 2014 onwards, older customers will not pay more than 3x the rate that is charged to younger customers. Today, in Oregon, that difference is 5x. Current older customers with comprehensive benefits may see a rate decrease. Current younger customers with high deductible plans are likely to see large rate increases.
- **New taxes and fees:** the ACA adds new taxes and fees that will increase costs.

Federal Subsidies

Some customers will be eligible for a federal subsidy to buy Individual coverage, and they may see a net out-of-pocket decrease in what they pay in monthly rates. Some will also be eligible for cost share reductions, reducing their deductible, coinsurance and copays.

Who will be eligible for subsidies? Individuals and families with income up to 400% of the federal poverty level. In Oregon, an individual with an income up to \$46,000 may be eligible; a family of four with an annual income up to \$94,000 may be eligible.

We continue to be concerned about affordability for our customers. It’s important for your clients to determine if they will be eligible for a subsidy. We encourage you to start working with your clients to determine who may be eligible so that you can guide them through the process early in the annual enrollment period.

Small Group Products (2-50 employees)

We look forward to serving Small Group customers outside the Exchange. We have chosen not to participate in the SHOP (Small Business Health Options Program). This is a time of intense change in our industry – in fact, it is a major reset. We expect the introduction of the Exchange to initially cause confusion for purchasers, particularly for Small Group employers.

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Here are a few factors that influenced our current decision regarding the SHOP:

- While the individual Exchange has federal subsidies to help cover the cost of coverage that create a clear value proposition for prospective customers, the SHOP does not.
- The employee choice provision is likely to increase costs since employees with more significant health needs will likely select richer plans.
- Small business tax credits already in effect have very low rates of participation because of complex enrollment requirements for a limited number of eligible businesses.

Please be assured that we will be here to offer a reliable landing spot to help guide you and your clients through these changes.

Next Steps

Here's what you can expect over the next several months.

- We are putting together a comprehensive product and guidelines training program for you, and will share more information about the dates in future communications.
- When our products and rates are approved, we'll share more information.
- We'll provide you with pertinent information about the Exchange as it becomes available.

In the meantime, if you have additional questions please do not hesitate to contact your LifeWise Health Plan of Oregon Sales Representative.