



Companion Life



## **THE AFFORDABLE CARE ACT AND COMPANION LIFE INSURANCE COMPANY**

**BELOW ARE SOME FREQUENTLY ASKED QUESTIONS ABOUT THE EFFECT AND IMPACT OF THE AFFORDABLE CARE ACT (ACA) ON DENTAL AND VISION. COMPANION LIFE WILL CONTINUE TO KEEP YOU INFORMED AS FINAL GUIDANCE IS ISSUED AND PRODUCT OPTIONS ARE FILED AND APPROVED.**

### **After weighing all considerations of the ACA, can an employer continue offering traditional dental and vision plans to its employees?**

Yes. Companion Life will continue to offer traditional dental and vision products for employees and families as one of several options. This also holds true for Life and Disability products, which are not impacted by the ACA. Please contact your tax adviser for your group's specific situation.

### **Does the ACA affect group Dental and Vision benefits?**

The ACA does not directly affect group dental and vision plans such as those offered by Companion Life. However, it does require medical products in the small group and individual markets to include the essential health benefit (EHB) of pediatric oral health and vision. For the purposes of the ACA, a small group is defined as having 50 or fewer total full-time employees (100 or fewer in some states).\* This EHB may be either embedded within a medical policy or offered as a stand-alone benefit separate from medical.

These pediatric benefits may overlap with Companion Life dental and vision plans for dependent children under age 19. The pediatric oral health and vision benefits will be a required part of all small group health plans for plan years beginning on or after January 1, 2014. In addition, the ACA health insurance industry fees apply not only to all medical plans but also to all stand-alone dental and vision benefits beginning January 1, 2014.

### **What is the pediatric oral health benefit and does it overlap with dependent dental and vision through a group plan?**

The pediatric oral health benefit is an EHB for plan years beginning on or after January 1, 2014. The pediatric oral health benefit must provide a prescribed set of pediatric services that may differ from traditional plans and may not offer the full set of services that dental and vision plans like Companion Life offer today.

In general, the pediatric oral health set of benefits is based on the Federal Employees Dental Vision Insurance Plan (FEDVIP) or the state's Children's Health Insurance plan (SCHIP) plan. The pediatric oral health benefit applies to children under age 19. If a group currently provides dental and/or vision to dependent children, the pediatric oral health benefit in a group or individual's plan will overlap for children under age 19.

### **How can a group avoid the overlap between the pediatric oral health benefit and dependent dental and vision through a group plan?**

One way to avoid this overlap is to request an adult-only dental option from Companion Life. An adult-only dental option will eliminate coverage for dependent children under age 19 and cover only the employee, spouse and adult children ages 19 to 26. Companion Life will offer the adult-only dental option this fall in time to match individual and small group plan years beginning January 1, 2014. It is important to be aware that the pediatric EHB benefit under the ACA may not provide all services included within a traditional Companion Life policy. We are also developing some additional dental options for dependent children that we will be telling you about soon. Call your Companion Life General Agent or Director of Marketing for more details.

### **What are some of the significant differences between current Companion Life dependent child dental and vision coverage and the pediatric oral health and vision benefits required by the ACA?**

The pediatric oral health and vision benefit under the ACA (FEDVIP or SCHIP) covers a more limited list of procedure codes than current Companion Life coverage for dependent children under age 19. Also, the pediatric oral and vision benefit may be subject to health plan out-of-pocket maximums and it has no contract year or calendar year maximum limits.

In addition, the pediatric oral benefit will cover only "medically necessary orthodontia." Since a definition of medically necessary orthodontia has not yet been established, it is unclear the number of orthodontia claims that will fit into this category. Size of dental network may be another distinction. With Companion Life, you may visit any dentist.



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## **So, if my medical plan embeds pediatric oral health and vision benefits, what are my options?**

1) Keep your dental plan as is with Companion Life. Even if your medical plan embeds, you may have to meet deductibles and out-of-pocket maximums before you even reach the pediatric dental benefits, putting these benefits out of reach for most of your employees and their children who may need them most. In addition, the dental network through your medical plan may be small and require you to change dentists. By keeping your plan the same with Companion Life, child dental benefits are covered just as they are today and you can visit any dentist.

Or, 2) If you choose a medical plan that embeds and the pediatric benefits are not subject to the deductible and OOP maximum (and you are satisfied with the network), then consider keeping your Companion Life dental coverage for adults only. This plan simply covers the employee, spouse, and dependent children over age 19. In this situation, if you are satisfied with your medical plan's certified pediatric benefits, why pay twice for this coverage? (We are also developing some additional dental options for dependent children that we will be telling you about soon. Call your Companion Life General Agent or Director of Marketing for more details)

## **What about my vision plan?**

If you choose a medical plan that embeds pediatric vision benefits, you may want to keep your Companion Life vision plan as is, especially if your medical carrier applies a deductible or out-of-pocket maximum to the vision benefits that may make them unreachable. If you are satisfied with the pediatric vision benefits embedded in your medical plan, you may consider keeping your Companion Life vision coverage for adults over age 19 only. In addition, we offer an exam-only plan, an eyewear-only plan, as well as our standard exam plus eyewear plans. So, Companion Life has a vision plan that will best fit your group's needs.

## **What is the ACA industry fee and how will it affect the cost of stand-alone Dental and Vision plans?**

The health insurance industry fee, which is regulated by the IRS, is a tax used to help fund the costs of the ACA, including those of the state and/or federal health insurance exchanges. In 2014, we currently estimate the fee to be approximately 2% to 2.5% of the cost of stand-alone dental and vision premium. In future years, the fee is believed to be approximately 3% to 4% of premium. Beginning January 1, 2014, this fee will be shown as a line item on all Companion Life Dental and Vision plan bills as a component of premium. According to guidance from Health and Human Services, the fee is a tax deductible business expense for employers as a part of premium. The ACA industry fee does not apply to Group Life and Disability products.

## **Can a group early renew in 2013 to delay the effects of the ACA until later in 2014?**

This question is best left to be decided by an employer group and its agent or benefit consultant. However, Companion Life will accept requests to early renew any of its plans, including Dental. It's important to keep in mind that changing the renewal date will likely restart the employee's dental contract year deductible and contract year maximum (Lifetime deductibles will not be affected). Vision benefits will not refresh and frequency will be based on the individual's last date of service.

Companion Life Underwriters will consider re-rating existing groups on a case-by-case basis. Renewal date change requests will be accepted anytime during the fourth quarter and must be received no later than November 1, 2013, for a December 1, 2013, renewal date. Early renewal in 2013 may also delay the overlap of the pediatric oral health EHB requirement with an existing dependent dental and vision plan until the health plan year begins later in 2014. However, early renewal will not delay the effect of the health insurance industry fee that will begin January 1, 2014.

Companion Life welcomes the opportunity to discuss the effects of the ACA and to assist in providing the best possible employer solution to fit your needs.

\*In early July, HHS announced that the employer mandate (affecting groups of 50 or more) and associated tax penalties is delayed until 2015.