

# Pike & Preston

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The Power of Partnership



July 6, 2015

## Same Sex Marriage...



On June 26, 2015, The Supreme Court rules in Obergefell v. Hodges that all states must allow same sex marriages and that these marriages must be treated the same as traditional marriage. Why mention this in an insurance newsletter, because this ruling now impacts employer benefits. For fully-insured medical plans, all married spouses, regardless of gender, will have to be offered health insurance coverage. How this will be implemented will be determined by each insurance company. We will advise when more information is made available by the carriers. Self-funded health insurance plans will have the ability to limit coverage.

## Humana agrees to acquisition from Aetna

On Friday, July 3rd, Aetna announced that they had reached agreement with Humana to acquire the company. This \$37 billion dollar acquisition is just one of many that have been speculated about recently. Still in discussion is Anthem's attempt to purchase Cigna and United Healthcare's interest in several companies.

What does this mean for Humana members? The acquisition still has to win approval from shareholders of both companies as well as numerous government regulators and state Departments of Insurance. While not a "done deal," it appears that this acquisition will take place in the second quarter of 2016.

For the time being, Humana is instructing its agent support team and agents that it is business as usual and that members will not be negatively impacted.

## In the News....

- On 6/25/15, the Supreme Court ruled in favor of Burwell, Secretary of Health and Human Services in King v. Burwell regarding the advanced premium tax credits ("premium subsidies") paid by the Federal government to qualifying individuals who purchased health insurance through a federally run insurance marketplace/exchange in addition to those paid for qualified individuals in state run exchanges, like Kentucky. A ruling either way would not have affected Kentucky individuals, however individuals Ohio, Tennessee and many other bordering states could have lost their tax credits. This ruling stated that if a person qualified for a tax credit and purchased coverage through an exchange (state or federal) they would continue to receive said credit.
- Insurance companies are asking for record insurance premium increases for 2016 based on premium versus claims experience in the first full year (2014) of guarantee issue and modified community rating for individual plans and small group (2-49 member groups). Nationally increases of 20% to 40% are being discussed. Thus far in Kentucky, the Department of Insurance is still reviewing proposed rates for 2016 and no approved increases have been announced.
- Small group definition expanded: Congress is still reviewing legislation to delay or change the ACA definition of small group. Under current ACA regulations, effective 1/1/2016, small group will be defined as groups from 2-100; currently small group is defined as 2-49 members. If there is no change in the new definition of small group, then groups in the 50-99 member range will be subject to Modified Community Rating as early as 1/1/16 or as late as their renewal in 2017. Modified Community Rating only allows the insurance companies to charge rates based on the location of the employer, each covered person's age and tobacco status. A healthy group will no longer be given rate relief, nor will a sick group be charged more. When this occurred in the 2-49 marketplace, most groups were forced to renew their "transitional" plans and live with the increases, rather than move to a compliant plan and incur even larger increases. However, Modified Community Rating did help some groups. Under current regulation, "transitional" plans will be eliminated in 2017 and all group health insurance plans for groups of 2 - 100 members will be Modified Community Rated.

We hope this edition of The Pike & Preston Minute has been helpful. Please let us know if you have a topic you would like discussed or if you would like to schedule a meeting to discuss these or any other topics.

Sincerely,

Robin C. Gall  
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Pike & Preston, LLC

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