The Truth about 2014 ACA Out-of-Pocket Limits

The interesting thing about news is that sometimes it isn’t news. It’s just hype. And that’s what the recent “revelation” about out-of-pocket maximums have been. Hype.

The truth is that the delay to cap out-of-pocket maximums for some plans was actually announced on February 20, 2013 in a Department of Labor FAQ (see question #2 on the website).

What’s Required for Compliance
The essential benefits final rule states that non-grandfathered plans that begin on or after January 1, 2014, will comply with the annual out-of-pocket limit required by the ACA. As stated on the White House Blog, consumers’ 2014 out-of-pocket costs will be capped at $6,350 per individual and $12,700 per family. The goal of the cap is to provide consumer protection.

So Where’s the Delay?
The Administration acknowledges that some group plans or carriers utilize more than one service provider (such as a third-party administrator for major medical coverage, a separate pharmacy benefit manager, and a separate managed behavioral health organization) to help administer benefits.

Certain service providers, for 2014 only, have the option to impose different out-of-pocket limitations. They will be considered compliant if they do both of the following:

1. The plan’s out-of-pocket maximum for major medical coverage must adhere to the cap; and

2. The out-of-pocket maximum on other coverage (ex: prescription drug coverage) does not exceed the ACA’s maximum out-of-pocket cap.

As stated in the Mental Health Parity and Addiction Equity Act (MHPAEA), group plans may not apply a cumulative financial requirement or treatment limitation to mental health or substance use disorder benefits that accumulate separately.

So Say the News
As reported in the New York Times, a senior administration official, speaking on condition of anonymity to discuss internal deliberations, said: “We knew this was an important issue. We had to balance the interests of consumers with the concerns of
health plan sponsors and carriers, which told us that their computer systems were not set up to aggregate all of a person’s out-of-pocket costs. They asked for more time to comply.”

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