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Cc: senator@stabenaw.senate.gov
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We are an independent insurance agency specialized in employer-provided group health insurance plans and related employee benefits plans. We have a larger client well known locally as a major employer in the Saginaw, MI area with a self-funded group medical plan. This client's health plan includes a \$10,000 annual limit/per-family on outpatient prescription drugs. This client amended their plan and implemented this annual limit well before PPACA was passed. This client implemented this annual limit after an employee of theirs came to them and told the employer that a member of her family had cancer and would require drugs costing \$12,000 per-month for an unspecified time frame into the future. The employee also told the employer that if the employers medical plan were changed to include an annual limit on prescription drugs, the family member needing the drugs should be able to receive the drugs at no cost from the pharmaceutical company who manufactures the drugs (after the employers plan paid up to its revised lowered annual limits). The burden of an additional \$12,000/per-month (\$144,000 per-year) prescription drug expenditure on this employers plan, in addition to the annual medical trend and claim cost increases, would have most probably caused the employer to increase employee contributions towards plan costs.

It is my understanding after studying this issue of "grandfathered health plans", "annual limits" under PPACA, and what is likely to be finally defined as "essential benefits" under PPACA (i.e. they will include prescription drugs), that my client will need to amend his plan, and increase the annual limit on prescription drugs under the plan to a minimum of \$750,000 (from the current \$10,000 limit) for plan or policy years beginning after September 23, 2010 but before September 23, 2011. Additionally the employer will need to provide further increases in the annual limit in the years following, up to a \$2,000,000 annual limit before January 1, 2014. I have confirmed my understanding of this issue with the Director of Federal Affairs of a nationwide insurance-related trade association which we belong to.

I feel that the nation was grossly misled when President Obama said time after time in the national media that "You can keep the medical plan you have". Making so called "grandfathered plans" modify their benefit levels, like "new plans", to higher annual limits does not meet the definition of what I feel most Americans and employers would understand when the term "grandfathered" is used. Look, I know that the intention of Congress and President Obama with PPACA was an honorable one, but this is one example of placing many undue financial hardships on employers and their employees who are trying to keep health plan coverage in the affordable range based on their available resources in an awful economy. Therefore, I would highly suggest that Congress and the committees finalizing the language of PPACA take another look at this issue of grandfathering, and the President Obama statements of past months regarding keeping the medical plan you currently have. Thank you.