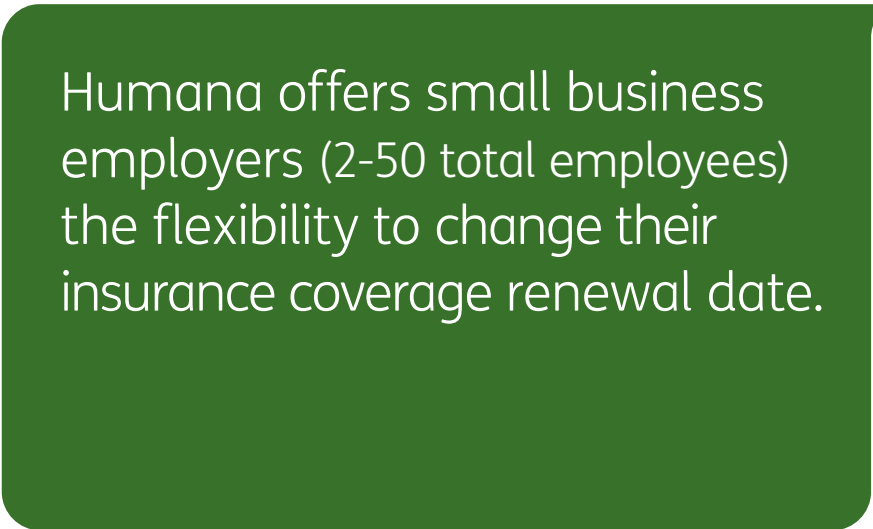
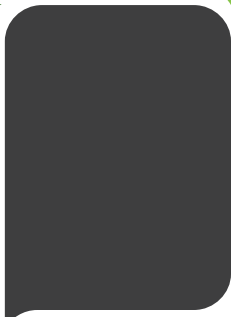




Humana Early Renewal Option Guide



Humana offers small business employers (2-50 total employees) the flexibility to change their insurance coverage renewal date.



Small group employers and healthcare reform

Beginning with insurance coverage renewals on or after January 1, 2014, employer groups will be required to offer medical insurance plans that meet the new Affordable Care Act (ACA) mandates. For many groups it may require moving to a new medical coverage, which could result in premium changes. Some groups may experience premium increases, while some employers may see a premium decrease due in part to ACA-Adjusted Community Rating¹ requirements. Under ACA requirements, premiums will not be based on medical history or existing medical conditions.

Changes in premium and product mandates

Previously, during a typical renewal year, an employer could expect an average premium rate renewal increase based on annual trend, changes in census and health status. Beginning with renewals in January, 2014—employers will need to account for the following:

- An annual premium rate increase (each year employers experience an annual rate increase)
- New tax and fees averaging over three percent
- Potential increases for new product mandates
- Premium rate adjustments due to the elimination of health status, industry, and case size rating
- Unknown or uncertain state or federal premium rating requirements

Humana offers small group employers early renewal

Humana will honor early renewal date requests from small medical group employers with 2-50 total employees (Colorado and Florida 1-50 total employees). Groups wanting to change their renewal date will need to inform Humana of their decision at least four months in advance of their new desired renewal date, allowing for ample time for the renewal process. (Example: Employers wishing to renew on December 1, 2013, should notify Humana no later than August 1, 2013).

Here are some frequently asked questions

Q: Who is eligible for the early renewal option?

A: The early renewal option is available to all new or existing small groups (2-50 total employees). Since every employer's situation is unique, Humana recommends that employers contact their benefit advisor or legal counsel for information in addition to their agent². In order to change the renewal date, employers need to submit the Renewal Date Change Request Form.

Q: If renewing in 2013, can the employer keep their current medical plan(s)?

A: Yes, if the employer elects to renew early, they will be able to keep their current medical coverage, and will not have to change to a different deductible/copay or pharmacy plan (except for groups in Georgia). By moving the medical insurance renewal date before the end of 2013, the current group medical coverage is not subject to certain ACA provisions, including community rating until the 2014 renewal. However there will be premium adjustments to the new 2013 renewal.

Note: By continuing to remain on your current medical plan, employees will not have access to ACA provisions such as: Elimination of pre-existing conditions, mandated coverage of Mental Health and Substance Abuse Disorders (group size 2-50), Pediatric services, including oral and vision care (group size 2-50).

Plan changes will be allowed, however any plan changes will need to comply with Summary of Benefits and Coverage member notification rules. The State of Georgia requires that if a group wants to change their renewal date, they must also make a plan change.

Q: If renewing early in 2014, can the employer keep their current medical plan(s)?

A: No, if the employer elects to renew early in 2014, all non-grandfathered groups must move to a new product that complies with the ACA mandates. The new 2014 medical plan will include a number of new provisions such as: elimination of pre-existing conditions, mandated coverage of Mental Health and Substance Abuse Disorders (group size 2-50), Pediatric services, including oral and vision care (group size 2-50).

Q: Is there preliminary premium information available to show the possible effects of ACA?

A: Humana will make information available to agents to show the estimated renewal change resulting from ACA-Adjusted Community Rating¹. The estimated renewal change range information provided to an agent is preliminary and is subject to changes including, but not limited to enrollment, health status, benefit selection, final federal regulations, and state variation from federal regulations (e.g., age rating factors, geographic rating definitions). Therefore, Humana cannot guarantee that the estimated renewal change range or other projected premium information provided to employers by Humana or by an agent will be applicable to a specific group at the time of the actual renewal. This uncertainty needs to be considered by the employer when determining whether to change the renewal date.

Q: *By moving to an early renewal date, does the renewal process change?*

A: No, the renewal process, corresponding premium rate adjustments and guidelines will apply. Employers will be quoted new rates based on the group's current census and allowable rating factors at the time of renewal. Allowable rating factors are filed with each state and change moving into ACA-Adjusted Community Rating¹.

Q: *What if the group's medical plan is grandfathered?*

A: Employers with medical plans that have grandfathered status can change their renewal date, however if they want to make a plan change, they will lose their grandfathered status. Humana recommends that employers contact their benefit advisor or legal counsel for guidance in addition to their agent.

Q: *What if the employer has multiple Humana insurance products with different renewal dates?*

A: The employer must move all Group Products with any Humana affiliate to the same renewal date. Group Products are Group Medical, Dental, Vision, LTD, STD, Life and Group Critical Illness fully insured coverages.

Q: *What happens if the group has a rate guarantee?*

A: In order to keep renewal dates aligned for Group Products, any existing rate guarantee will not apply to any Group Products. All Group Product premiums will be re-evaluated and be effective on the new renewal date. Since every employer's situation is unique, Humana recommends that employers contact their benefit advisor, or legal counsel for guidance in addition to their agent.

Q: *If the employer requests an early renewal date, can they change their decision?*

A: If the employer changes their decision, the renewal date can revert back to their previous renewal date, but only if the employer makes the request before the new coverage is issued. However, where the employer has renewed in 2014, the employer will not be able to move back to a 2013 product.

Q: *What happens if the employer chooses not to renew their insurance coverage early in 2013, but then decides to elect to change their renewal date earlier in 2014, will Humana honor that request?*

A: Yes, if an employer chooses to change their renewal date to a renewal date earlier in 2014, Humana will honor such early renewal request.

Q: *In the future, will a group be able to move to a January 1, 2015 renewal date to coincide with the calendar year?*

A: Yes, however by December 31, 2014, all groups on non-grandfathered medical plans must be on a 2014 ACA compliant benefit plan. Humana allows employer's to change their renewal date to meet their business needs.

Q: *What happens to vision care benefits that are limited to once every 12 or 24 months?*

A: Any frequency limitations for vision care services will not be reset if the employer elects to renew early. For example, if the vision plan provides coverage for frames every 24 months, the specified time lapse will still be measured from the last date of service.

Q: *What if the group has a Personal Care Account (PCA)?*

A: The early renewal option is available; however the employer will need to provide guidance to their employees regarding account spending deadlines.

Q: *How will the Humana Vitality program be impacted for existing groups?*

A: The Humana Vitality program year will not change; it will continue to be the original date. Member Engagement reports will reflect data based on the original plan year.

Q: *How will a groups Humana Vitality wellness discount be calculated?*

A: Humana Vitality policy years will not change. Discounts will be calculated at renewal and at the end of the Vitality Policy period to ensure groups are given consideration for a full 12 months of engagement experience. Any applicable discounts earned after the medical policy effective date will be applied to prospective effective dates.

Q: *When will the employer need to make a decision to move their renewal date?*

A: To insure a timely renewal process, we ask that employers notify Humana four months prior to their desired renewal date.

Q: *What is the process for notifying Humana if a group would like to change their effective date?*

A: Simply complete the Renewal Date Change Request Form, and e-mail to: RenewalDateChange@Humana.com or fax to 877-825-5430.

Terms and Conditions

¹ Adjusted Community Rating limits what rating factors are allowed in 2014. Specifically, only four factors are allowed, namely, age (3:1 maximum range for adults), family composition, tobacco use (1.5:1 maximum range subject to wellness program requirements), and geography. Prohibited factors include, but are not limited to health status, claims experience, gender, industry classification, and group size.

² Humana recommends that employers with 50 or more employees or full time equivalents contact their benefit advisor or legal counsel to ensure compliance with the Employer Shared Responsibility Requirements of The Affordable Care Act.

This document is being provided to employers for discussion purposes only. It is being offered as additional guidance to assist employers in their evaluation of whether an early renewal option is right for them. It is not intended to provide or replace advice received by legal counsel or benefit advisors.

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