

From: Botwinick, Alexandra (HHS/OCIIO)
Sent: Monday, November 15, 2010 9:37 AM
To: 'kmadden@carington.com'
Subject: Waiver of the Annual Limits Requirements of PHS Act Section 2711

Importance: High

Attachments: Updated Jan 1 Approval Letter .pdf
Ms. Madden,

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section for Carington Health System. HHS has reviewed your application and made its determination. Please see the attached letter.

Please confirm receipt of this letter by replying to this e-mail address with a copy to OCIIOoversight@hhs.gov.

Please let me know if I can be of further assistance.

Sincerely,

Alexandra Botwinick

Office of Oversight
HHS/OCIIO
alexandra.botwinick@hhs.gov

CARRINGTON:000001

November 4, 2010

Dear Applicant:

RE: Carington Health System ((b)(4) Plan):

Thank you for your application as a provider of the Annual Requirements of the PHS Act Section 2711. In order to complete your application, please provide the following information about Carington Health System ((b)(4) Plan)

1. Indicate if there are essential benefit limits and categories for the following categories :

<input type="checkbox"/> Ambulatory: \$	<input type="checkbox"/> Maternity: \$
<input type="checkbox"/> Emergency (ER): \$	<input type="checkbox"/> Mental Health/Substance Abuse: \$
<input type="checkbox"/> Hospitalization: \$	<input type="checkbox"/> Rehabilitative: \$
<input type="checkbox"/> Laboratory: \$	<input type="checkbox"/> Preventive: \$
<input type="checkbox"/> Pediatric: \$	<input type="checkbox"/> Prescription (RX): \$

2. (The premium amounts is the total cost to the employer and the employee)

	Premium (current level)	Premium (renewal)	Premium (if \$750,000 annual limit was applied)	% increase if the \$750,000 was implemented
EE				
EE + Child (if applicable or other appropriate tier)				
EE + Spouse (if applicable or other appropriate tier)				
Family (if applicable or other appropriate tier)				

3. Indicate if the plan is fully-insured plan or a self-insured plan.

4. Type of Plan:

<input type="checkbox"/> Limited Benefit	<input type="checkbox"/> Prescription	<input type="checkbox"/> HRA
<input type="checkbox"/> Comprehensive	<input type="checkbox"/> Other	

5. We received an unsigned attestation from. Provide a signed attestation by a plan administrator.

Please provide this information by 5:00 pm, Monday November 8, 2010. We look forward to receiving your completed application. Thank you.

Sincerely,

Kathleen M. Scelzo, RN, MSN
Rules Compliance Division
Office of Insurance Oversight
Office of Consumer Information and Insurance Oversight (OCIIO)
Department of Health and Human Services
301-492-4121

November 4, 2010

Dear Applicant:

RE: Carington Health System ((b)(4) Plan):

Thank you for your application. In order to complete your application, please provide the following information about Carington Health System ((b)(4) Plan):

1. Indicate if there are essential benefit limits and categories for the following categories :

<input type="checkbox"/> Ambulatory: \$	<input type="checkbox"/> Maternity: \$
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<input type="checkbox"/> Hospitalization: \$	<input type="checkbox"/> Rehabilitative: \$
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EE + Child (if applicable or other appropriate tier)				
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Office of Insurance Oversight
Office of Consumer Information and Insurance Oversight (OCIIO)
Department of Health and Human Services
301-492-4121


Carington
Health Systems

"We share happiness through caring from the heart..."

8200 Beckett Park Drive

Hamilton, Ohio

45011

513-682-2700

513-682-2707 (fax)

513-682-2709 (fax)

www.carington.com

October 18, 2010

HHS, Office of Consumer Information and Insurance Oversight
Oversight Office
Attention: James Mayhew, Room 737-F-04
200 Independence Ave. SW
Washington, DC 20201

Dear Mr. Mayhew

Carington Health Systems is requesting a waiver of the annual limits requirements of Section 2711 and the interim final regulations (26 CFR §54.9815-2719T; 29 CFR §2590.715-2719; and 45 CFR §147.126) on the basis that complying with these annual limits would significantly increase plan costs, and as a result also reduce access to coverage, for a large portion of our employees.

Carington Health Systems provides employees the option of three medical plans, two of which have annual benefit limits below the new statutory requirements. The plan year is based on a calendar year and these plans have been in place for over 5 years prior to September 23, 2010.

Employee premium contributions are based on the overall cost and benefits of each plan. This flexibility allows each employee to select the benefit and premium that best suits their needs and the needs of their covered family members. We firmly believe that these benefit designs have enabled many of our employees to obtain and keep health insurance coverage when they otherwise might not have been able to afford it. Of our three plan offerings, (b)(4) of our enrolled employees have chosen one of the plans with annual benefit limitations, compared to only (b)(4) who have elected the plan with a (b)(4) lifetime maximum.

The chart below outlines the limits associated with each plan for which we are requesting a waiver, the enrollment per plan as of June 2010, and the applicable overall monthly premium and monthly employee contributions. We have also included a chart outlining the benefits provided by each of these plans.

Please note that employees enrolled in these plans enjoy access to primary care services and prescriptions, as well as emergency services, at affordable co-payments, and that other major medical services are covered at (b)(4) in-network, with manageable annual deductible and out-of-pocket requirements. We estimate that

rates for the (b)(4) plan would increase by over (b)(4) to comply with regulations, and rates for the (b)(4) plan would increase by over(b)(4). These increases are in addition to normal medical cost inflation.

2010 Enrollment & Premium Data		(b)(4) Plan	(b)(4) Plan
Enrollment by Plan as of August 2010	Employees		
	Dependents		
	Total Enrollment		
2010 Monthly Fully Insured Equivalent Rate	Single	\$	(b)(4)
	Family	\$	
2010 Employee Monthly Cost	Single	:	
	Family	\$	

Our business and our employees have been greatly affected by the state of the economy. Compliance with the interim final regulations would result in a significant increase in the cost of providing health insurance benefits to the company, which creates an increase in premium to the employees enrolled in the plans offered

Carington Health Systems' employment demographic consists largely of hourly employees. We are greatly concerned that the increase in cost that will be created by removing the limits to the plans Carington offers will force employees that are currently covered to no longer carry health insurance coverage. Because we were forced last year to impose a(b)(4)reduction in pay rates upon all our employees, any increase in the cost of health insurance coverage will be a hardship to most of them.

We ask that Carington Health Systems be allowed to maintain our medical benefit plans with the limits that currently exist, so that as an employer we may continue to provide access to affordable coverage that meets the needs of our employee population.

Our next plan year begins January 1, so your prompt response to our request is greatly appreciated. If any additional information is required, please do not hesitate to contact me.

Sincerely,



Wanda J. Rice
President/CEO

Carrington Health Systems

(b)(4)

	POS In- Network	POS Out-of- Network	POS In- Network	POS Out-of- Network	POS In- Network	POS Out-of- Network
Annual Deductible/Individual Family						
Coinsurance						
Office Visit/Exam						
Outpatient Specialist Visit						
Annual Out-of-Pocket Limit: Individual				(b)(4)		
Family						
Plan Maximum						
Inpatient Hospital Services						
Inpatient Hospitalization						
Semi-Private Room & Board; Including Services and Supplies						
Emergency Services						
Emergency Room						
Prescription Drug Benefits						
Generic						
Brand (Formulary/Preferred)				(b)(4)		
Brand (Non-Formulary/Non- preferred)						
Chiropractic Services						

The above information is intended as a summary only.
It does not include all of the benefit provision, limitations and qualifications of the plans.

From: Kathy Madden [kmadden@carington.com]
Sent: Monday, November 15, 2010 9:47 AM
To: Botwinick, Alexandra (HHS/OCIIO)
Cc: OCIIOOversight@hhs.gov.
Subject: RE: Waiver of the Annual Limits Requirements of PHS Act Section 2711

Kathy Madden
Payroll/ Benefits Manager
Carington Health Systems
513-682-2700 ext.3019
fax: 513-942-2014

From: Botwinick, Alexandra (HHS/OCIIO) [mailto:Alexandra.Botwinick@hhs.gov]
Sent: Monday, November 15, 2010 9:37 AM
To: Kathy Madden
Subject: Waiver of the Annual Limits Requirements of PHS Act Section 2711
Importance: High

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Please confirm receipt of this letter by replying to this e-mail address with a copy to OCIIOOversight@hhs.gov.

Please let me know if I can be of further assistance.

Sincerely,

Alexandra Botwinick

Office of Oversight
HHS/OCIIO
alexandra.botwinick@hhs.gov

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CARRINGTON:000009

From: Scelzo, Kathleen (HHS/OCIIO)
Sent: Thursday, November 04, 2010 11:41 AM
To: 'kmadden@carington.com'
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Carrington Health System Waiver Application

Importance: High

Attachments: Carington Health System 25k Waiver Application Questions.doc; Carington Health System 150k Waiver Application Questions.doc

Kathy Madden,

I left you a m

2711 for the

application p

(b)(4)

t Carington Health System applications for Annual Limits Requirements of the PHS Act Section plans. Attached above are the documents that need to be completed in order to finalize the

Many thanks for your assistance with this document.

Kathleen M. Scelzo, RN, MSN
Rules Compliance Division
Office of Insurance Oversight
Office of Consumer Information and Insurance Oversight (OCIIO)
Department of Health and Human Services
7501 Wisconsin Avenue
Bethesda, MD
301-492-4121


CARRINGTON:000010



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Consumer Information and
Insurance Oversight
Washington, DC 20201

Date: October 2010

From: Steve Larsen, Director, Office of Oversight 

Subject: Application for Waiver of the Annual Limits Requirements of PHS Act Section 2711

Dear Waiver Applicant:

Section 2711(a)(2) of the Public Health Service Act (PHS Act), as added by the Patient Protection and Affordable Care Act (Affordable Care Act), requires the Secretary to impose restrictions on the imposition of annual limits on the dollar value of essential health benefits (as defined in section 1302(b) of the Affordable Care Act) for any participant or beneficiary in a new or existing group health plan or a new policy in the individual market for plan or policy years beginning on or after September 23, 2010 and prior to January 1, 2014. Specifically, the Secretary is granted the authority to determine what constitutes a "restricted annual limit" that can still be imposed under such plans or policies prior to January 1, 2014.

The interim final regulations published on June 28, 2010 (codified at 26 CFR § 54.9815-2719T; 29 CFR § 2590.715-2719; and 45 CFR § 147.126) established such restricted annual limits. The regulations also provided that these restricted annual limits may be waived by the Secretary of Health and Human Services (HHS) if compliance with the interim final regulations would result in a significant decrease in access to benefits or a significant increase in premiums. Pursuant to the regulation, HHS issued guidance on September 3 regarding the scope and process for applying for a waiver.

The Office of Consumer Information and Insurance Oversight, Office of Insurance Oversight received and processed your application for the plan(s) or policy(ies) year beginning January 1, 2011. We have determined that your application has met the criteria to obtain a waiver of the restricted annual limits requirements because compliance with the interim final regulations would result in a significant decrease in access to benefits for those currently covered by such plans or policies, or a significant increase in premiums paid by those covered by such plans or policies. To the extent you make any change to your benefit package after March 23, 2010, you must determine whether the change(s) will trigger loss of grandfathering status pursuant to 45 CFR § 147.140(g)(1).

An approval of your request for waiver of the restricted annual limits requirements granted under this process applies only to the annual limit(s) provided in your application for the plan or policy year beginning between September 23, 2010 and September 23, 2011. This waiver only applies to the annual limits requirements in Section 2711 of the ACA and does not apply to any other requirement of the Affordable Care Act, ERISA, the IRS Code or the PHS Act. Further, a group

health plan or health insurance issuer must reapply for any subsequent plan or policy year prior to January 1, 2014 when this waiver expires in accordance with future guidance from HHS. HHS may modify this waiver approval process memorandum and other relevant information.

If you have any questions regarding this letter, please email OCIIOOversight@hhs.gov.

From: Kathy Madden [kmadden@carington.com]
Sent: Monday, October 18, 2010 4:40 PM
To: HHS HealthInsurance (HHS)
Cc: Carol Kovach
Subject: Waiver

Attachments: chs waiver insurance letter.pdf
Waiver letter for Carington Health Systems

Kathy Madden
Payroll/ Benefits Manager
Carington Health Systems
513-682-2700 ext.3019
fax: 513-942-2014

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CARRINGTON:000013