

From: Donna De La Rosa [donna.delarosa@gcserv.com]

Sent: Friday, October 15, 2010 3:57 PM

To: HHS HealthInsurance (HHS)

Subject: Waiver Application

Attachments: Waiver Application of GC Services_First Community Bancshares.pdf

Please find attached our application for waiver from the Patient Protection and Affordable Care Act's annual limits. Should you require any additional information, please do not hesitate to contact us at donna.delarosa@gcserv.com or 713-776-6675.

Thank you for your prompt attention to this matter.

Donna De La Rosa

Vice President of Benefits

HGO Benefit Department

713-776-6675 (office)

(b)(6)

(cell)

713-773-7412 (fax)

GC SVCS:000001

By email to healthinsurance@hhs.gov

Mr. James Mayhew
Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Room 737-F-04
200 Independence Avenue, S.W.
Washington, DC 20201

RE: Waiver Application of GC Services, L.P. & First Community Bancshares, Inc. For Plan Year Beginning 1/1/2011

Dear Mr. Mayhew:

We write to request a waiver from the Patient Protection and Affordable Care Act's restricted annual limits for our self-insured medical benefit plan for the plan year beginning 1/1/2011, pursuant to the requirements outlined in your Office's September 3, 2010 Bulletin (ICHO 2010-1). Our self-insured plan covers the employees of two companies with common ownership and for which one 5500 is filed, GC Services, L.P. and First Community Bancshares, Inc. One plan is called the Core plan and includes dental coverage, the other is called the First Year plan and it does not include dental; however, the medical benefits are identical on both plans. We understand that, if a waiver is granted for these plans, we will be allowed to continue coverage for current and new enrollees throughout the waiver period.

The information required for the waiver application is set forth below.

1. Plan Name: First Year Plan; Core Plan

Plan Number: 501

Plan Terms: These plans are self-insured, PPO-based medical plans with a (b)(4) in-network deductible, (b)(4)% network co-insurance, and has been amended, effective January 1, 2011, to an annual maximum benefit of (b)(4). Previously these plans had a lifetime maximum of (b)(4).

2. Covered Individuals: As of 10/01/2010, there are (b)(4) employees covered under these plans. These employees are typically entry level employees who have an average annual before-tax income of between (b)(4) and (b)(4).

3. Annual Limits and Rates: The limited medical plans have been amended, effective January 1, 2011, from a lifetime maximum of (b)(4) to an annual maximum of (b)(4).

4. Description of Effect of Compliance with Restricted Annual Limits:

With the assistance of our third-party administrator and our benefit consultants, we have compared our current plan design to a plan design offering \$750,000 in annual limits. We estimate that claims costs would increase by at least (b)(4)% over 2010 costs and employee contribution rates would increase by at least (b)(4)% also. Such increases would be unaffordable for the typical worker who enrolls in this plan. If, due to the annual dollar restrictions under PPACA, the plan could include no lower than a \$750,000 annual limit, we project that the contribution rates for a typical enrollee would increase from an average of (b)(4)% of annual after-tax net income to an average of almost (b)(4)% of annual after-tax net income.

Attached to this application is a more detailed summary of our modeling, which supports our conclusion that compliance with a \$750,000 annual limit would result in a significant increase in rates paid by those covered in this plan. In addition, the increased rates would cause us to cease offering this coverage altogether, resulting in the complete elimination of access to benefits for those who are covered in this plan.


5. Attestation:

In support of this application for a waiver for the GC Services, L.P/First Community Bancshares, Inc. self-insured limited benefit plans, we provide the following attestation by the Plan Administrator:

I, Meagan Conway, hereby attest and certify as follows:

(1) The plan for which [plan administrator] is seeking a waiver was in force prior to September 23, 2010; and

(2) Applying the \$750,000 restricted annual limit of the Affordable Care Act applicable to the plan year beginning on or after September 23, 2010 but before September 23, 2011 would result in a significant increase in rates paid by those covered under such policies and, moreover, would cause a significant decrease in access to benefits to those currently covered by this plan.


Meagan Conway
Executive Vice President of Human Resources

Oct 15, 2010
Date

We appreciate your consideration of this request.

Sincerely,



Enclosures: Plan Benefit Schedule
Rate Modeling Summary

FIRST YEAR and CORE PLAN HIGHLIGHTS

FEATURES	IN-NETWORK	OUT OF NETWORK
Annual Deductible	\$(b)(4)/person \$(b)(4)/family	\$(b)(4)/person \$(b)(4)/family
Maximum annual benefit	\$25,000/covered person	
SERVICES	Co-insurance	
Physician Office Visit: (non-surgical)	% after deductible	% after deductible
Other Physicians (Non-office visits)	% after deductible	% after deductible
Specialists (Office Visits)	% after deductible	% after deductible
Outpatient/Inpatient Surgery	% after deductible	% after deductible
X-Ray and Lab Fees	(b)(4)% after deductible	(b)(4)% after deductible
Hospital Inpatient Coverage	% after deductible	% after deductible
Outpatient Coverage	% after deductible	% after deductible
Emergency Room	% after deductible	% after deductible
SERVICES	IN-NETWORK	OUT OF NETWORK
Prescription Drug (APM) Includes coverage for: -Oral Contraceptives -Fertility (oral and injectible) -Diabetic Supplies* No mandatory generics Script Care is the prescription drug vendor for this Plan. For information regarding formulary drugs or formulary and non-formulary brand name drugs with a generic therapeutic equivalent or visit the website at www.scriptcare.com . *Script Care offers a voluntary Diabetic management program through Liberty Medical that may offer reduced co-pays for certain diabetic supplies. For more information about the SCL Diabetic Program see pages 15-16 or visit the website at www.libertymedical.com .	Retail- (30 day supply at participating vendor) (b)(4) co-pay for generic drugs (b)(4) co-pay for brand name formulary drugs (b)(4) co-pay for brand name non-formulary drugs (b)(4) co-pay for brand name formulary or non-formulary drugs with a generic therapeutic equivalent Mail Order- (90 day supply at participating vendor) (b)(4) co-pay for generic drugs (b)(4) co-pay for brand name formulary drugs (b)(4) co-pay for brand name non-formulary drugs (b)(4) co-pay for brand name formulary or non-formulary drugs with a generic therapeutic equivalent	No Coverage



GC

Bank

2010 Rates		First Year	Core	2010 Rates		First Year	Core
Employee		(b)(4)		Employee		(b)(4)	
Employee + Spouse							
Employee + Child(ren)							
Employee + Family							
July 2010 Headcount		First Year	Core	July 2010 Headcount		First Year	Core
Employee		(b)(4)		Employee		(b)(4)	
Employee + Spouse							
Employee + Child(ren)							
Employee + Family							
Total				Total			
2011 Rates - with Waiver		First Year	Core	2011 Rates - with Waiver		First Year	Core
Employee		(b)(4)		Employee		(b)(4)	
Employee + Spouse							
Employee + Child(ren)							
Employee + Family							
2011 Annual Funding* with Waiver *using July 2010 Headcount	\$			2011 Annual Funding* with Waiver *using July 2010 Headcount			
2011 Rates - without Waiver		First Year	Core	2011 Rates - without Waiver		First Year	Core
Employee		(b)(4)		Employee		(b)(4)	
Employee + Spouse							
Employee + Child(ren)							
Employee + Family							
2011 Annual Funding* without Waiver *using July 2010 Headcount				2011 Annual Funding* without Waiver *using July 2010 Headcount			
		First Year and Core Only				First Year and Core Only	
Expected Costs (2010 Rates)		(b)(4)		Expected Costs (2010 Rates)		(b)(4)	
Expected Costs (2011 Rates w/ Waiver)							
Expected Costs (2011 Rates w/o Waiver)							
2010 to 2011 w/o Waiver				2010 to 2011 w/o Waiver			
\$ Increase in Cost w/o Waiver		(b)(4)		\$ Increase in Cost w/o Waiver		(b)(4)	
% Increase in Cost w/o Waiver							
2011 w/ Waiver to 2011 w/o Waiver				2011 w/ Waiver to 2011 w/o Waiver			
\$ Increase in Cost w/o Waiver		(b)(4)		\$ Increase in Cost w/o Waiver		(b)(4)	
% Increase in Cost w/o Waiver							

GC Services and Bank Combined		First Year/Core Plans Combined
Expected Costs (2010 Rates)		(b)(4)
Expected Costs (2011 Rates w/ Waiver)		
Expected Costs (2011 Rates w/o Waiver)		
2010 to 2011 w/o Waiver		
\$ Increase in Cost w/o Waiver		(b)(4)
% Increase in Cost w/o Waiver		
2011 w/ Waiver to 2011 w/o Waiver		
\$ Increase in Cost w/o Waiver		(b)(4)
% Increase in Cost w/o Waiver		

**First Year and Core Plan(s)
Summary Material Modification
January 1, 2011**

The information contained in this update represents a change to the rules of the First Year and
Core Plan(s). PLEASE READ CAREFULLY

- Effective January 1, 2011, the **lifetime** maximum of (b)(4) has changed to an **annual** maximum of (b)(4)

Please keep this notice in a secure place with your other plan materials.

If you have any questions about the attached notice or want more information, please contact

**GC Services, L.P.
HGO Benefit Department
P.O. Box 740246
Houston, Texas 77074
1-888-541-8465**

From: Botwinick, Alexandra (HHS/OCIO)
Sent: Friday, November 05, 2010 3:08 PM
To: 'donna.delarosa@gcserv.com'
Subject: Waiver of the Annual Limits Requirements of PHS Act Section 2711

Importance: High

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

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section for GC Services/First Community Bancshares. 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 OCIOOversight@hhs.gov.

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

Sincerely,

Alexandra Botwinick


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



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: Donna De La Rosa [donna.delarosa@gcserv.com]

Sent: Friday, November 05, 2010 3:26 PM

To: Botwinick, Alexandra (HHS/OCIIO)

Cc: OCIIO Oversight

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

We have received your letter dated October 2010 approving our request for waiver. Thank you for your prompt attention to this matter.

Donna De La Rosa

HGO Benefit Department

713-776-6675 (office)

(b)(6)

(cell)

(fax)

From: Botwinick, Alexandra (HHS/OCIIO) [mailto:Alexandra.Botwinick@hhs.gov]

Sent: Friday, November 05, 2010 2:08 PM

To: Donna De La Rosa

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

Importance: High

Ms. Delarosa,

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section for GC Services/First Community Bancshares. 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

GC SVCS:000010