1. Announcement of Filing Meeting Notice and Posting of the Agenda in Accordance with the Open Meeting Act.
   The OKHEEI Group Board of Trustees met in regular session at 10:00 a.m., September 7, 2012, at Oklahoma State Regents for Higher Education, 655 Research Parkway, Oklahoma City, Oklahoma. Notice of the meeting had been properly filed with the Secretary of State by December 15, 2011 and a copy of the Agenda posted by 10:00 a.m., September 6, 2012 in compliance with the Open Meeting Act.

   a. Call meeting to order
   Vice Chair Tom Fagan called the meeting to order at 10:20 a.m.

   b. Attendance
   The following OKHEEI Board of Trustees were present:

   Glen Pinkston, Cameron University by Chase Massie
   Jessica Boles, East Central University
   David Pecha, Northwestern Oklahoma State University
   Tom Volturo, Rogers State University
   Keith Ogans, Rose State College
   Sheridan McCaffree, RUSO Administrative Office by Charlie Babb
   Katherine Benton, Seminole State College by Courtney Jones
   Ross Walkup, Southeastern Oklahoma State University
   Tom Fagan, Southwestern Oklahoma State University
   Steve Kreidler, University of Central Oklahoma by Jeanette Patton
   Tricia Latham, Western State College

   The following OKHEEI Board of Trustees were absent:
   Joy McDaniel, Murray State College
   David Koehn, Northeastern State University
The following guests were present:

Beth Lott, Benefits Coordinator  
Brenda Burgess, Southwestern Oklahoma State University  
Cathy Conway, Southeastern Oklahoma State University  
Courtney Jones, Seminole State College  
Jeanette Patton, University of Central Oklahoma  
Krista Norton, Rose State College  
Shannon Cranford, Northern Oklahoma College

c. Minutes of 8.02.12 OKHEEI Board Meeting.

Steve Kreidler (UCO) made the motion, seconded by David Pecha (NWOSU), to approve the minutes of the August 2, 2012 meeting.

Voting for the motion:

Glen Pinkston, Cameron University  
Jessica Boles, East Central University  
David Pecha, Northwestern Oklahoma State University  
Tom Volturo, Rogers State University  
Keith Ogans, Rose State College  
Charlie Babb, RUSO Administrative Office  
Katherine Benton, Seminole State College  
Ross Walkup, Southeastern Oklahoma State University  
Tom Fagan, Southwestern Oklahoma State University  
Steve Kreidler, University of Central Oklahoma  
Tricia Latham, Western Oklahoma State College

Voting against the motion: None

Abstaining: None

d. Ratify all actions taken at meeting on August 2, 2012.

Anita Simpson (NOC) made the motion, seconded by Tom Volturo (RSU), to ratify all actions taken at the August 2, 2012 meeting.

Voting for the motion:

Glen Pinkston, Cameron University  
Jessica Boles, East Central University  
David Pecha, Northwestern Oklahoma State University  
Tom Volturo, Rogers State University
Keith Ogans, Rose State College  
Charlie Babb, RUSO Administrative Office  
Katherine Benton, Seminole State College  
Ross Walkup, Southeastern Oklahoma State University  
Tom Fagan, Southwestern Oklahoma State University  
Steve Kreidler, University of Central Oklahoma  
Tricia Latham, Western Oklahoma State College

**Voting against the motion:** None

**Abstaining:** None

2. Election of board officers for 2012-2013.

a. Tricia Latham (WOSC) was nominated to serve as the Chair.

Steve Kreidler (UCO) made the motion, seconded by Keith Ogans (RSC), to approve Tricia Latham serving as Chair.

**Voting for the motion:**

Glen Pinkston, Cameron University  
Jessica Boles, East Central University  
David Pecha, Northwestern Oklahoma State University  
Tom Volturo, Rogers State University  
Keith Ogans, Rose State College  
Charlie Babb, RUSO Administrative Office  
Katherine Benton, Seminole State College  
Ross Walkup, Southeastern Oklahoma State University  
Tom Fagan, Southwestern Oklahoma State University  
Steve Kreidler, University of Central Oklahoma  
Tricia Latham, Western Oklahoma State College

**Voting against the motion:** None

**Abstaining:** None

b. Keith Ogans (RSC) was nominated to serve as Vice Chair.

Glen Pinkston (CU) made the motion, seconded by Tom Volturo (RSU), to approve Keith Ogans serving as Vice Chair.
Voting for the motion:

Glen Pinkston, Cameron University
Jessica Boles, East Central University
David Pecha, Northwestern Oklahoma State University
Tom Volturo, Rogers State University
Keith Ogans, Rose State College
Charlie Babb, RUSO Administrative Office
Katherine Benton, Seminole State College
Ross Walkup, Southeastern Oklahoma State University
Tom Fagan, Southwestern Oklahoma State University
Steve Kreidler, University of Central Oklahoma
Tricia Latham, Western Oklahoma State College

Voting against the motion: None

Abstaining: None

c. David Koehn (NSU) was nominated to serve as Secretary.

Steve Kreidler (UCO) made the motion, seconded by Anita Simpson (NOC), to approve David Koehn serving as secretary.

Voting for the motion:

Glen Pinkston, Cameron University
Jessica Boles, East Central University
David Pecha, Northwestern Oklahoma State University
Tom Volturo, Rogers State University
Keith Ogans, Rose State College
Charlie Babb, RUSO Administrative Office
Katherine Benton, Seminole State College
Ross Walkup, Southeastern Oklahoma State University
Tom Fagan, Southwestern Oklahoma State University
Steve Kreidler, University of Central Oklahoma
Tricia Latham, Western Oklahoma State College

Voting against the motion: None

Abstaining: None
3. Discussion of additional projects for OKHEEI group for future action.

Tom Volturo (RSU) spoke to the group about bidding the Section 125 administration in January 2013. The group was asked to visit with the human resources teams on their campus regarding the also asked the group to discuss the potential to bid the Section 125 products for 2014. The group will decide to take action at the next board meeting.

Beth Lott discussed the possibility of hiring the group ClaimReturn to conduct an audit of the group’s BCBSOK claims. ClaimReturn appears to only audit self-funded groups or groups who have some share of risk in claims payment. Beth will meet with ClaimReturn and bring additional information to the next board meeting.

4. Benefit Coordinator’s Report

Beth Lott had nothing to report at this meeting.

5. Chair’s Report

Tricia Latham (WOSC) had nothing to report at this meeting.

6. Trustee’s Comments and Announcements
   (Attachment A pages 7-10)

Tom Volturo (RSU) asked Beth Lott, benefit coordinator if the group is in compliance with the Health Care Reform requirements. Beth assured the group they are in compliance with Health Care Reform. She will continue to monitor the new guidance and regulations and provide information to the Board as warranted.

7. New Business

No new business.
8. Adjournment

Tom Volturo (RSU), seconded by Glen Pinkston (CU) to adjourn the meeting.

Voting for the motion:

Glen Pinkston, Cameron University
Jessica Boies, East Central University
David Pecha, Northwestern Oklahoma State University
Tom Volturo, Rogers State University
Keith Ogans, Rose State College
Sheridan McCaffree, RUSO Administrative Office
Katherine Benton, Seminole State College
Ross Walkup, Southeastern Oklahoma State University
Tom Fagan, Southwestern Oklahoma State University
Steve Kreidler, University of Central Oklahoma
Tricia Latham, Western State College

Voting against the motion: None

Abstaining:

Chairman Tricia Latham (WOSC) adjourned the meeting at 11:13 a.m.
Forging Ahead: Upcoming PPACA Requirements for Employers for 2012-2013

In its decision issued Thursday, June 28, 2012, the United States Supreme Court has upheld the constitutionality of PPACA. That means employer sponsors of group health plans should forge ahead with compliance with the various mandates and requirements under PPACA.

PPACA was enacted on March 23, 2010, but its provisions became effective over a period of time that stretches from 2010 to 2018. Some of the provisions of PPACA are already in effect. Other provisions such as rules governing claims and appeals are in already in effect for non-grandfathered plans, but may become effective in the future for plans that still have grandfathered status. Many provisions will not take effect until 2014 or later. In addition, guidance released on over 20 areas under PPACA has changed various provisions and/or their effective dates. Below is an updated list of major requirements with effective dates in 2012 or 2013 to assist employers with forging ahead with near-term PPACA compliance.

2012: New Requirements or Changes with Effective Dates in 2012

The list below reflects new requirements, or changes in existing requirements, which will affect employers in 2012. Requirements that do not apply to plans that have retained grandfathered status are noted. A quick summary of ongoing plan requirements under PPACA, and additional requirements for plans losing grandfathered status in 2012 or 2013, is also listed in later sections.

- Annual Dollar Maximum on Essential Health Benefits – annual amount changes to not less than $1.25 million for plan years beginning on or after September 23, 2011 but before September 23, 2012.

- Internal Appeals and External Review Processes – must comply with updated notice, appeals and external review requirements. *Does not apply to grandfathered plans.*

- Comparative Clinical Effectiveness Fee – calculation of the fee is based on covered lives for the 2012 calendar year, the fee is payable in 2013. The fee is $1 initially and $2 for subsequent years. The fee is paid by the insurer for fully insured plans, and the employer for self-funded plans.

- Contraceptive Coverage – provision of 100% coverage applies to plan/policy years beginning after July 31, 2012. Religious organizations (narrowly defined) are exempt from this requirement. Certain religious-affiliated organizations have a temporary non-enforcement safe harbor until August 1, 2013. *Does not apply to grandfathered plans.*

- Medical Loss Ratio (MLR) – rebates for 2011 policy year are due from insurance companies by August 1, 2012.
• Summary of Benefits and Coverage (SBC) – must be distributed beginning with open enrollments occurring on or after September 23, 2012, and for other enrollments beginning with the first plan year beginning on or after September 23, 2012.

• W-2 Reporting of Health Care Coverage – prepare for reporting of total cost of health care coverage in Box 12 of the 2012 Form W-2 (for employers issuing more than 250 W-2s in the prior year).

2013: New Requirements or Changes with Effective Dates in 2013

The list below reflects new requirements, or changes in existing requirements, which will affect employers in 2013. Requirements that do not apply to plans that have retained grandfathered status are noted. A quick summary of ongoing plan requirements under PPACA, and additional requirements for plans losing grandfathered status in 2012 or 2013, is also listed in later sections.

• Annual Dollar Maximum on Essential Health Benefits – annual amount changes to not less than $2 million for plan years beginning on or after September 22, 2012 but before January 1, 2014.

• Comparative Clinical Effectiveness Fee – 2012 assessment due by July 1, 2013. Fee increase from $1 to $2 for calendar year 2013.

• Contraceptive Coverage – provision of 100% coverage applies to plan/policy years beginning after July 31, 2013 for certain religious-affiliated institutions (e.g., church-affiliated hospitals, universities and social services organizations that do not qualify for the religious organization exemption). Does not apply to grandfathered plans.

• Exchange Notice to Employees – employers send Exchange notice to employees March 2013 (guidance yet to be issued).

• Medicare Tax Increase – increase withholding for employees who receive wages in excess of $200,000 from the employer (the additional tax is 0.9% of wages).

• Retiree Drug Subsidy – tax deduction for Retiree Drug Subsidy eliminated.

• W-2 Reporting of Health Care Coverage – include the cost of health care coverage in Box 12 of Form W-2 for all Forms W-2 issued for 2012 (for employers filing more than 250 W-2s in the prior year).

• $2,500 FSA Maximum Salary Reduction Amount – effective for plan years beginning on or after January 1, 2013.

Ongoing Requirements

The list below reflects ongoing requirements with earlier initial effective dates, but continuing compliance requirements that will affect employer plans in 2012 and 2013. These requirements are:

• Grandfathered Plan Status – For plans that are maintaining grandfathered plan status, documentation demonstrating such status should be maintained, and the Statement of Belief of Grandfathered Plan Status should be provided to participants.
• Waiver from Limitation on Annual Dollar Limit on Essential Health Benefits — If your plan has obtained a waiver from CMS, annual updates are required, as is an annual participant notice.

• Early Retiree Reinsurance Program — If receiving funds, must provide notice to plan participants, and must use funds for a permitted purpose by December 31, 2014.

Year “?”: Uncertain Effective Dates

A few of PPACA’s provisions have been delayed or have an uncertain effective date:

• Automatic Enrollment — implementation is being delayed by the Department of Labor until regulations can be issued. The DOL has indicated that regulations are not expected before 2014.

• Enforcement of the rule prohibiting insured health plans from discriminating in favor of highly compensated individuals — Enforcement has been delayed pending guidance from the IRS. Does not apply to grandfathered plans.

• Implementation of the federal long term care insurance plan - CLASS (Community Living Assistance Services and Supports) - has been suspended by the Department of Health and Human Services.

• Simple Cafeteria Plans -- No regulatory guidance has been provided for these plans, which will be deemed as meeting the cafeteria plan nondiscrimination rules.

• Effective date of W-2 reporting requirement for small plans (employers filing fewer than 250 Forms W-2 in the prior year) — the requirement applies, but is delayed pending further notice.

Plans Losing Grandfather Status

Has your plan lost grandfathered status? Remember that the plan should be analyzed against the plan in effect as of March 23, 2010, not merely the prior plan year. Additional requirements will apply to plans that lose grandfathered status. The effective date of the new requirements is based on the date grandfather status is lost. These additional requirements are:

• Patient protections —
  o coverage of specified preventive care services with no cost sharing;
  o application of specific rules for the designation of a primary care physician for adults, or a pediatrician as primary care provider for a child;
  o patient access to routine obstetrical and gynecological care without preauthorization or a referral; and
  o minimum levels of coverage for emergency treatment in an out-of-network hospital emergency room.

• Internal claims and appeals — adherence to specific procedures and periods for internal review of health care claims and the appeals process including expanded notice requirements. Most ERISA-covered plans are accustomed to existing claims and appeals rules; however, new notice
rules apply. Non-ERISA plans may experience a significant change in claims handling because of this requirement.

- **External claims review** – mandatory availability of an external review in certain cases with minimum review standards and a requirement to use an accredited Independent Review Organization (IRO) in cases involving medical determinations such as medical necessity. Plan administrative costs may increase as a result, and the method of external claims review utilized by the plan may vary depending on the plan funding method and the state in which the plan is located.

- **105(h)-like nondiscrimination rules for insured health plans** – insured health plans are prohibited from discriminating in favor of highly compensated employees (enforcement delayed by regulatory action). Employers should be aware that this requirement is on the horizon, and be prepared for compliance once regulations are issued and effective. (Remember that, if an insured plan is offered on a pre-tax basis through a section 125 cafeteria plan, the section 125 nondiscrimination rules already apply.)

- **Coverage of adult children who have access to employment based coverage** – employees’ children to age 26, who have access to employment-based coverage not through a parent – either as an employee or as the spouse of an employee – may no longer be excluded from eligibility. The plan’s eligibility definition may need to be changed.

- **Quality of care reporting** – This return will be required for all non-grandfathered plans. The effective date is unclear. Agency guidance was due March 23, 2012.

- **Statement of belief of grandfathered plan status** – This notice was required to be provided by grandfathered plans. Upon loss of grandfathered plan status, be sure to update your enrollment and other notice materials to take out this language.

Gallagher Benefit Services, through its compliance experts and consultants, will continue to monitor developments on healthcare reform legislation and will provide you with relevant updated information as it becomes available. In the interim, please contact your Gallagher Benefit Services Representative with any questions that you may have.

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*The intent of this analysis is to provide general information regarding the provisions of current healthcare reform legislation. It does not necessarily fully address all your organization’s specific issues. It should not be construed as, nor is it intended to provide, legal advice. Your organization’s general counsel or an attorney who specializes in this practice area should address questions regarding specific issues.*