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Legislative Update

The following information, provided by Ceridian Health Care Compass, is being sent as a courtesy to keep you informed on the status of the Health Care initiatives taking place in our government.

‘Grandfathering’ Gains Ground as A Key Regulatory Issue of Reform

The health care reform law exempted — or grandfathered — employer-sponsored health care plans in effect on March 23, 2010, from most, but not all, new requirements.

The key issue is what changes can plan sponsors make in an existing plan without it becoming a different, and therefore, ‘non-grandfathered’ plan? Can the employer increase or decrease employee premiums? Co-pays? Deductibles? Change insurance carriers?

The new law is very clear that a plan may add new hires and family members of existing plan participants without jeopardizing its grandfathered status. But the law is not clear on what changes can be made without losing grandfathered status.

Plans in existence at the time of the March 23, 2010, enactment are exempt from some of the benefit mandates under The Patient Protection and Affordable Care Act (PPACA). But they are not exempt from all of them.

Grandfathered Plans: Which Provisions Apply and Which Don’t?

Do Apply

Beginning with the first plan year after September 30, 2010, which is January 1, 2011, for calendar-year plans, all health plans, including those that are grandfathered, must:

- Have no pre-existing conditions exclusions or limitations that apply to any covered dependents under age 19
- Offer coverage to adult children who are not eligible for other employer-provided coverage up to age 26 (when plans cover dependents)



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- Eliminate lifetime limits on essential benefits and only impose restricted annual limits on essential benefits
- Report and provide rebates if an insured plan fails to meet the medical loss ratio requirements
- Eliminate rescissions of coverage or benefits except in cases of fraud or intentional misrepresentation

For plan years beginning on or after January 1, 2014:

- Plans cannot have any annual or lifetime limits on “essential health benefits”
- Plans may have annual and lifetime per beneficiary limits on certain specific benefits that are not “essential health benefits.” Future regulations will specify what constitutes “reasonable” annual limits and the “essential health benefits” to which they apply
- Plans must offer coverage to adult children until they are 26 years old when plans cover dependents regardless of whether the dependent is eligible for other employer-provided coverage
- No pre-existing condition exclusions may be imposed

Don't Apply

Grandfathered plans do not have to comply with the following requirements:

- Coverage of certain preventive care services without cost-sharing (some of which may be currently billed on a bundled basis with other services)
- Nondiscrimination regarding highly compensated employees in insured plans
- Certain appeals processes
- Requirements relating to access to primary care physicians, emergency services, pediatric care and ob/gyn service

As always, we'll keep you posted of significant developments as they occur.

If you have any questions, please contact your HARDEN Employee Benefits Account Manager.