



Grandfathered Status Not Affected By Change In Carrier

Effective **Monday, November 15, 2010**, the Department of Health and Human Resources (HHS) issued an amendment to the regulation on “Grandfathered” health plans expanding the permissible modifications that may be made to grandfathered group health plans to include a change of insurers – switching from one insurance company to another.

The amendment allows all group health plans to switch insurance companies and shop for the same coverage at a lower cost while maintaining their grandfathered status, so long as the structure of the coverage doesn’t violate one of the other rules for maintaining grandfathered plan status.

This change was made at the urging of the U.S. Chamber of Commerce and other organizations and reflects a desire to allow employers the ability to shop for less expensive coverage, thus potentially driving down health care costs.

The new exemption applies to any change of insurer becoming effective on or after that date (e.g., if you executed an insurance contract with a new insurer on **October 2010**, with an effective date of **January 1, 2011**, it would be exempt). However, any change of insurers that took effect prior to **November 15, 2010**, will not be exempt.

The amendment affects insured group health plans. A change of insurers in the individual market would still result in the loss of grandfathered status.

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

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

Sources:

“Amendment to Regulation on “Grandfathered” Health Plans under the Affordable Care Act.” *The U.S. Department of Health & Human Services Web Page*. Web. 17 Nov. 2010. <http://www.hhs.gov/ociio/regulations/grandfather/factsheet.html>

McKenna, Long & Aldridge LLP. “Employer Services Advisory.” 16 Nov. 2010. E-mail