

Grandfathered Health Plans – Understanding the Facts



July 2010

Grandfathered Plan - What is it?



- A status associated with employer benefit plans that meet certain criteria as established by PPACA and as such are exempt from certain obligations under PPACA
- Criteria to qualify as grandfather plan:
 - Must be in existence as of March 23, 2010
 - Applied at the group benefit plan level (no grandfathering of an insurer's product or portfolio)
 - Certain exceptions exist (e.g. – legally binding contracts, collective bargaining agreements)
- Some benefit plans are exempt from the grandfather regulation, such as dental and retiree only plans, therefore, grandfather status is not applicable/relevant to them



Federal Requirements that Restrict Employers' Options for Making Changes to Current Fully Insured Health Care Benefits



Type of Change	Fully Insured Grandfathered Plans Must...
Carrier / Insurer	<ul style="list-style-type: none"> • Not change carriers, even if the benefit plan stays the same
Coverage	<ul style="list-style-type: none"> • Not eliminate all or substantially all benefits for particular condition • Not add an annual limit that was not in place on March 23, 2010, or decrease an existing annual limit • Not impose an annual limit when only a lifetime limit previously existed
Coinsurance	<ul style="list-style-type: none"> • Not increase coinsurance • Not apply coinsurance where no coinsurance existed during the prior benefit plan year
Fixed cost sharing and co-payments	<ul style="list-style-type: none"> • Not increase deductibles or out-of-pocket maximums greater than CPI-Medical plus 15 percentage points • Not increase fixed copay that exceeds the greater of \$5 OR the old copay multiplied by CPI-Medical plus 15 percentage points
Employer contribution	<ul style="list-style-type: none"> • Not decrease employer contribution by more than 5 percent based on a cost of coverage measured for each tier of coverage
Business restructuring	<ul style="list-style-type: none"> • Not be part of any merger, acquisition or other business restructuring if the primary purpose is to cover new individuals under the grandfathered plan



Additional Obligations of Grandfather Plans



- Meet benefit criteria previously discussed
- Maintain records documenting the terms of the plan or coverage in effect on March 23, 2010 and beyond
- Benefit plan materials must include the following information:
 - A statement that describes the benefits provided
 - Notification that states the plan believes it is grandfathered under the Act
 - Contact information for questions and complaints



Grandfathered Plans & Applicability of New Reform Requirements



	Grandfather Plan Applicable*		
	Large Group	Small Group	Individual
Prohibition of preexisting condition exclusion	✓	✓	
Prohibition on waiting periods over 90 days	✓	✓	✓
No lifetime limits on essential benefits	✓	✓	✓
No annual limits on essential benefits	✓	✓	
Prohibition on rescission	✓	✓	✓
Age 26 dependent coverage	✓**	✓**	✓
Uniform explanation of coverage documents	✓	✓	✓
MLR reporting & minimum (insured plans)	✓	✓	✓

* A check in the box below means grandfathered plans are subject to this provision of PPACA.

** May deny/decline coverage if dependent is eligible for own employer-sponsored coverage



Grandfathered Plans & Applicability of New Reform Requirements



	Grandfather Plan Applicable*		
	Large Group	Small Group	Individual
\$0 preventive services			
Do not discriminate in favor of highly compensated individuals			
Report on quality of care improvement activities			
No preexisting condition exclusions for under 19	✓	✓	
Establish internal claims appeal process and external review			
Provide ER services without prior auth, regardless of provider status, and at in-network level			
Access to in-network pediatrician as PCP if PCP designation is required			
Prohibit prior authorization or referral to OB-GYN for in-network providers			

* A check in the box below means grandfathered plans are subject to this provision of PPACA.



Altius Offers New and Expanded Benefits



Starting with October 1, 2010 renewals and new plan effective dates, Altius Health Plans will exclusively offer benefit plans that meet all health care reform requirements in the 2 – 99 employee market.

Highlights of New and/or Expanded Benefits

- Young adult dependents can enroll up to age 26. Benefit plans will cover dependents age 26 and older if required by state law.
- Members who are 18 years old and younger will receive coverage for the services and medication needed to treat pre-existing conditions.
- No lifetime or annual maximum dollar limits for in-network services.
- Preventive care received from network providers will be paid at 100 percent.
- Member copayment and/or coinsurance for emergency services will be the same regardless if you receive the services from an in or out-of-network provider.

Note: New and renewing benefit plans will not maintain grandfathered status.





Questions?

