

**New Law Fact Sheet: Grandfathered Status**

Item	Detail
Background	<ul style="list-style-type: none"> <li>• Part of Health Care Reform; the Affordable Care Act allows for grandfathered status.</li> </ul>
Scope of Law	<ul style="list-style-type: none"> <li>• Applies to insured and self-funded groups</li> <li>• Plans had to be in place on or before March 23, 2010</li> <li>• Plans will lose their grandfathered status if they chose to:               <ul style="list-style-type: none"> <li>• significantly cut benefits</li> <li>• increase out of pocket spending for employees/retirees</li> </ul> </li> </ul>
Highlights of the Law	<ul style="list-style-type: none"> <li>• Grandfathered plans will be able to make routine changes to their policies and maintain their status. These routine changes include:               <ul style="list-style-type: none"> <li>• Cost adjustments to keep pace with medical inflation</li> <li>• Adding of new benefits</li> <li>• Making modest adjustments to existing benefits</li> <li>• Voluntarily adopting new consumer protections under the law</li> <li>• Making changes to comply with State or other Federal laws.</li> </ul> </li> <li>• Premium changes are <i>not</i> taken into account when determining whether or not a plan is grandfathered.</li> </ul>
Restrictions & Permissible Actions to Retain Grandfathered Status	<ul style="list-style-type: none"> <li>• Cannot significantly <b>cut or reduce benefits</b></li> <li>• Cannot <b>raise co-insurance charges</b></li> <li>• Cannot significantly <b>raise co-payment charges</b> <ul style="list-style-type: none"> <li>• Can't increase by more than \$5 (adjusted annually for inflation) or a percentage equal to medical inflation + 15 percentage points</li> </ul> </li> <li>• Cannot significantly <b>raise deductibles</b> <ul style="list-style-type: none"> <li>• Can increase only equal to medical inflation + 15 percentage points</li> </ul> </li> <li>• Cannot significantly <b>lower employer contributions</b> <ul style="list-style-type: none"> <li>• Cannot decrease the percent the employer plans by more than 5%</li> </ul> </li> <li>• Cannot <b>tighten an annual limit</b></li> <li>• Cannot <b>change insurance companies</b>. However, this provision does not apply:               <ul style="list-style-type: none"> <li>• when self funded plans change administrators</li> <li>• to collective bargaining agreements</li> </ul> </li> </ul>
Other Changes Still Apply to Grandfathered Plans	<ul style="list-style-type: none"> <li>• For plan years starting on March 23,2010, even grandfathered plans must provide the following benefits:               <ul style="list-style-type: none"> <li>• No lifetime limits on coverage for all plans</li> <li>• No restrictions when people get sick and/or have previously made an unintentional mistake on their enrollment application</li> <li>• Extensions of parents coverage to young adults under age 26</li> <li>• No coverage exclusions for children with pre-existing conditions</li> <li>• No restricted annual limits on essential benefits. Details regarding essential benefits are still outstanding.</li> </ul> </li> </ul>
Additional Consumer	<ul style="list-style-type: none"> <li>• If a plan loses grandfathered status they are required to:</li> </ul>

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<p>Protections that Apply When Grandfathered Status Is Lost</p>	<ul style="list-style-type: none"> <li>• Provide coverage of recommended prevention services with no cost sharing</li> <li>• Provide guaranteed access to OB-GYNs and pediatricians</li> </ul>
<p>Protecting Against Abuse of Grandfathered Status</p>	<ul style="list-style-type: none"> <li>• Materials that are distributed to participants must disclose the plan is a grandfathered plan and therefore not subject to some of the additional consumer protection provisions of the Affordable Care Act.</li> <li>• Grandfathered status can be revoked if:             <ul style="list-style-type: none"> <li>• Enrollees are forced to switch to another grandfathered plan that has less benefits or higher cost sharing</li> <li>• There is a merger or buy-out simply to avoid complying with the new law</li> </ul> </li> </ul>
<p>Impact to Clients</p>	<ul style="list-style-type: none"> <li>• <u>Plan Design</u> <ul style="list-style-type: none"> <li>• Adhere to restrictions and permissible actions to maintain status</li> <li>• Disclose grandfathered status on communication materials.</li> </ul> </li> <li>• <u>Communications</u> <ul style="list-style-type: none"> <li>• Materials that are distributed to participants must disclose the plan is a grandfathered plan and therefore not subject to some of the additional consumer protection provisions of the Affordable Care Act.</li> </ul> </li> <li>• <u>Preserving Grandfathered Status Considerations</u> <ul style="list-style-type: none"> <li>• Client will need to evaluate the 2 additional consumer protections (noted above) that will be applied if grandfathered status is lost against the desired changes. In some cases, the change will be more beneficial than maintaining a grandfathered status.</li> </ul> </li> </ul>