

At Bond

we promise that our clients have access to the most up-to-date answers for all of their important health care questions. We have received information about grandfathered plans and how these changes may affect you. Please read the information below carefully.

GRANDFATHERED PLAN STATUS

On June 14, 2010 the Federal Government issued interim final rules that define when health plans could lose their "grandfathered" status under the recent health care reform legislation.

A) General Principles to determine grandfathered status:

1. Component Benefit Packages – All coverage options are analyzed separately
2. Renewed Policy – A renewed policy can be grandfathered, but a new policy cannot
3. Disclosure Requirement – Client must disclose to participants if the plan is grandfathered
4. Enrolling New Employees & Family Members – Can be covered under a grandfathered plan without the plan losing its grandfathered status
5. Abusive Transactions – Anti-abuse rules are provided for business mergers and other restructuring that result in a transfer of employees into a grandfathered plan, if the transfer does not serve a bona-fide employment-based reason

B) The following plan changes can be made without resulting in the plan losing its grandfathered status:

1. Cannot significantly cut or reduce benefits
2. Cannot raise co-insurance charges
3. Cannot significantly raise co-payment charges (cannot increase co-pays by more than \$5 or a percentage equal to medical inflation plus 15 percentage points)
4. Cannot significantly raise deductibles (deductibles can only increase by a percentage equal to medical inflation plus 15 percentage points)
5. Cannot significantly lower employer contributions (cannot decrease employer contributions by more than 5 percentage points)
6. Cannot add or tighten an annual limit on what the insurer pays
7. Cannot change insurance companies

C) Model Disclosure of Grandfathered Status:

To maintain status as a grandfathered plan, a plan (1) must include a statement, in the plan materials provided, to participants or beneficiaries describing the benefits provided under the plan or health insurance coverage, that the plan believes that it is a grandfathered health plan and (2) must provide contact information for questions and complaints.

*We'll focus on your benefits,
you focus on your business.*

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