



# Is your benefit plan a 'grandfathered' plan?

## *Eight questions to help you find the answer*

A "grandfathered" plan is an existing group health plan or health insurance coverage (including coverage from the individual health insurance market) in which a person was enrolled on March 23, 2010. That means that as long as there was a person enrolled in a benefit plan on March 23, 2010, that plan has been grandfathered. Certain changes to a plan can result in the loss of grandfathered status. If you can answer "yes" to any of the following questions, your benefit plan is likely no longer a grandfathered plan.

### **1 Has your benefit plan significantly cut or reduced benefits to diagnose or treat a particular condition?**

A plan may not significantly cut or reduce benefits to diagnose or treat any specific condition and maintain its grandfathered status.

### **2 Has your benefit plan raised coinsurance charges?**

Coinsurance requires a member to pay a fixed percentage of a charge (e.g., 20 percent of a hospital bill). Grandfathered plans cannot increase this percentage.

### **3 Has your benefit plan raised copayment charges?**

Does your plan require members to pay a fixed-dollar copayment amount for doctor's office visits and other services? Compared with the copayments in effect on March 23, 2010, grandfathered plans will be able to increase those copays by no more than \$5 (adjusted annually for medical inflation) or by a percentage equal to medical inflation plus 15 percentage points, whichever of the two is greater.

### **4 Has your benefit plan raised its deductible?**

Compared with the deductible required as of March 23, 2010, grandfathered plans can increase these deductibles only by a percentage equal to medical inflation plus 15 percentage points. In recent years, medical costs have risen an average of 4 to 5 percent, so this formula would allow deductibles to go up, for example, by 19 to 20 percent between 2010 and 2011.

### **5 Has your employees' contribution rate increased?**

An increase of 5 percentage points or more in your employees' medical premium contribution rates will cause your plan to lose grandfathered status.

### **6 Has your benefit plan decreased the annual dollar limit cap below what it was on March 23, 2010?**

A plan that wants to retain its grandfathered status may not decrease the annual dollar limit cap below what it was on March 23, 2010.

### **7 Has your benefit plan added an annual dollar limit cap since March 23, 2010?**

Plans that do not have an annual dollar limit cannot add a new one unless it is replacing a lifetime dollar limit with an annual dollar limit that is at least as high as the lifetime limit.

### **8 Are you asking members to switch to another plan – one with fewer benefits or higher cost-sharing?**

If members are required to switch to another grandfathered plan – one that has fewer benefits or higher cost-sharing compared with the current plan – in order to avoid implementing new consumer protections, grandfathered status will be revoked. Grandfathered status is also revoked if a plan is bought by or merges with another plan simply to avoid complying with the law.

**Please note:** Every time it distributes materials, a grandfathered plan must disclose to members that it believes that it maintains grandfathered status and, therefore, it is not subject to certain consumer protections of the Patient Protection and Affordable Care Act. Model language is provided in the Interim Final Rule. The plan must also provide contact information for enrollees to have their questions and complaints addressed.