

**Keeping grandfathered status:** According to interim final rules, there is some flexibility to modify a plan without losing the grandfathered status. This includes:

- Changes to comply with federal or state laws
- Routine changes like cost adjustments to keep pace with medical inflation, adding new benefits and making modest adjustments to existing benefits
- Changes to voluntarily comply with the health care reform law
- Changes in third party administrators
- Changes in premiums

**Losing grandfathered status:** The following changes to a plan will result in the loss of a grandfathered status:

- Eliminating all (or substantially all) benefits to diagnose or treat a particular condition
- Increasing coinsurance by any amount above the level set on March 23, 2010
- Increasing fixed amount cost sharing (other than copays) more than the sum of medical inflation plus 15 percentage points from the level of March 23, 2010
- Increasing copays by an amount that exceeds the greater of (1) a total percentage (measured from March 23, 2010) that is more than the sum of medical inflation plus 15 percentage points, or (2) \$5 times medical inflation, plus \$5
- Reducing employer or employee organization contributions based on the cost of coverage or a formula by more than 5 percentage points below the contribution rate on March 23, 2010
- Reducing an overall annual dollar limit or adding a new overall annual dollar limit, compared with what was in effect on March 23, 2010
- Ensuring that consumers switch to a grandfathered plan that, compared with the current plan, has fewer benefits or higher cost sharing as a means of avoiding new consumer protections
- Buying or merging with another plan to avoid complying with the health care reform law

Note: According to the Interim Final Regulations, it appears that groups that have changed benefits between March 23, 2010, and June 14, 2010, may have the opportunity to change back to their previous plan and regain grandfathered status at their next renewal date in 2011.

**Appeals process for non-grandfathered plans:** The revised appeals process for coverage determinations and claims must, at minimum:

- Have an internal claims appeal process.
- Provide notice of any external appeals mechanism that exists in the state.
- Allow the enrollee to review file, present evidence and continue to receive coverage pending outcome.
- Implement an external review process at least as good as the NAIC model law.

**Here's a more detailed look at the provisions that apply to grandfathered plans, as compared to non-grandfathered plans:**

Provision	Grandfathered plans	Non-grandfathered plans
No lifetime benefit maximum limits	✓	✓
Dependent coverage for adult children up to age 26	✓	✓
No annual limits on certain types of benefits for group plans		✓
100% coverage for preventive care in network*		✓
		✓
No pre-existing limitations for children under the age of 19 for group plans	✓	✓
		✓
Reporting the value of employer-sponsored coverage on W-2s (2011)	✓	✓
	✓	✓
Uniform explanation of coverage (2012)	✓	✓
	✓	✓
60-day notice for material modifications (2012), required if material modifications aren't already disclosed in uniform explanation of coverage	✓	✓
	✓	✓
90-day limit on waiting periods for coverage (2014)	✓	✓

\* Note: We will include 100% coverage of preventive care in all our small group plans.