

Is your Group Benefit Plan a ‘Grandfathered’ Plan?

EIGHT QUESTIONS TO HELP YOU FIND THE ANSWER

A grandfathered plan is a current group health plan or health coverage which a group has had since March 23, 2010.

Certain changes to a plan can result in the loss of grandfathered status.¹ 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 greatly cut or reduced benefits to find or treat a certain condition?

Your plan cannot cut or reduce benefits in a large way to find or treat a certain condition – **and keep** its grandfathered status.

2 Has your benefit plan raised coinsurance costs?

Coinsurance requires a member to pay a fixed percent of a charge (e.g., 20 percent of a hospital bill). Your grandfathered plan cannot raise this fixed percent.

3 Has your benefit plan raised its copay costs?

Does your plan require members to pay a fixed-dollar copayment amount for doctor’s office visits and other services? Grandfathered plans cannot increase copays by the greater of these two choices:

- \$5, as increased by medical inflation
- the maximum percentage increase²

(continued)

¹The U.S. Departments of Labor, Health and Human Services, and the Treasury issued a final rule on December 15, 2020 that provide greater flexibility for certain grandfathered group health plans to make changes to fixed-amount cost-sharing requirements without causing a loss of grandfather status. It also ensures that high deductible health plans (HDHPs) are able to comply with minimum cost-sharing requirements so enrolled individuals are eligible to contribute to health savings accounts (HSAs).

²The maximum percentage increase for grandfathered group plans is to be the greater of a) the current standard (medical inflation plus 15 percentage points); or b) the change in the premium adjustment percentage plus 15 percentage points.

4 Has your benefit plan raised its deductible?

Your grandfathered plan cannot exceed the maximum percentage increase when compared with the deductible required as of March 23, 2010. In general, this increase is about 3% higher, on average, than what is allowed.

5 Has your employees' contribution rate increased?

You plan will lose its grandfathered status if you've had an increase of five percentage points or more in your employees' medical premium contribution rates.

6 Has your benefit plan lowered its annual dollar limit cap below what it was on March 23, 2010?

For your plan to keep its grandfathered status, it may not lower the yearly dollar limit cap below what it was on March 23, 2010.

7 Has your benefit plan added a yearly dollar limit cap since March 23, 2010?

Plans that do not have a yearly dollar limit cannot add a new one. This is true, unless a plan is switching a lifetime dollar limit with a yearly dollar limit that is at least equal to the lifetime limit.

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

If members must switch to another grandfathered plan – one that has fewer benefits or higher cost sharing – in order to avoid applying new consumer protections, its grandfathered status will be revoked. Grandfathered status will also be revoked if a plan is purchased by, or merges with, another plan simply to avoid compliance with the law.

Note: A grandfathered plan must disclose to its members that it believes it maintains grandfathered status and, therefore, it is not subject to certain consumer protections of the Patient Protection and Affordable Care Act. The plan must make this statement each time it sends out materials. Model language is given in the Interim Final Rule. The plan must also provide contact information for enrollees to have their questions and complaints addressed.

This material is for informational purposes only. It should not be construed as compliance or legal advice. More information is available at HealthNet.com or on the Health & Human Services (HHS) website. References: 45 CFR § 147.140 - Preservation of right to maintain existing coverage.