

Healthcare Re-FORUM

Healthcare Re-Forum: Issue No. 1



Medical Mutual and its Family of Companies are dedicated to bringing a better understanding of Healthcare Reform to you. We know it is very difficult to decipher and, in order to help you gain a greater understanding, we have developed this forum to provide information and updates.

Over the coming months we will address different aspects of the law and update you about any progress regarding the development of rules and regulations. We will provide clear guidance and understanding where possible.

Overview

It is important to understand that when Healthcare Reform legislation is discussed, two bills were signed into law, and the regulations that will contain many of the details have not yet been issued. It is also important to understand that the intent of the laws is to provide health insurance to 32 million currently uninsured Americans. In striving to achieve this objective, these laws address dozens of provisions. Our initial focus will be on those of more immediate impact and interest to group health plans.

Grandfathered Plans

A “grandfathered health plan” is any insured or self-insured plan that was in existence on March 23, 2010. These plans are exempt from certain provisions of the new reform laws. The laws are not yet clear on whether changing plan benefits or switching carriers will cause a plan to lose its grandfathered status. However, adding or removing employees or dependents will not cause a plan to lose its status. It is important to note that collectively bargained plans ratified prior to March 23, 2010, do not have to comply with the Healthcare Reform provisions listed below until the current collective bargaining agreement expires.

For grandfathered plans, the law requires specific changes that must be incorporated into the plan beginning with renewals on or after September 23, 2010. These are listed below:

- The law prohibits plans from imposing lifetime benefit limits or caps and unreasonable annual limits on select benefits yet to be defined by the federal government.
- The law prohibits the use of pre-existing condition exclusions for covered children under the age of 19.
- The law prohibits the rescission of healthcare coverage except in cases of fraud or material misrepresentation.
- The law permits dependent adult children to remain on a parent’s coverage until the age of 26, provided that the child does not have employer-sponsored coverage available. Note: Ohio enacted a similar provision in 2009 which is scheduled to take effect on the group’s first renewal on or after July 1, 2010. Ohio’s provision extends coverage to unmarried adult children until the age of 28.

Future Topics: Individual and Group Market Reforms