



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

The Many Ways a Health Plan Can Lose Its “Grandfathered” Status

EDWARDSVILLE, IL, June 30, 2010 - Vicki Rolens, managing director of the Federation of American Consumers and Travelers (FACT), says that many employers considering changes to their current health plans should carefully check the latest rules set forth by the the Departments of Health and Human Services, Labor, and Treasury. “It’s easy for a company to endanger the grandfathered status of its current health plan ,” Rolens points out. “Employers need to keep up with all the latest regulations, which isn’t easy.”

Some of the ways “grandfathering” can be lost:

By significantly cutting or reducing benefits. Examples: deciding to no longer cover HIV/AIDS, diabetes, or cystic fibrosis.

By raising co-insurance charges.

By significantly raising co-payment charges. Co-pays can be raised no more than \$5 or a percentage equal to medical inflation plus 15 percentage points, whichever is greater.

By significantly raising deductibles. Under the latest rules, deductibles can only increase by a percentage equal to medical inflation plus 15%.

By significantly lowering employer contributions. Employers cannot decrease the percent of premiums it pays by more than 5 percentage points (e.g., by decreasing their own share of premiums from 20% to 14%).

By adding to an annual cap on what the plan pays. If the plan currently doesn’t have an annual cap, then the employer can’t add a new one unless it replaces a lifetime dollar limit with an annual dollar limit that’s at least as high as the lifetime limit.

By changing insurance companies. If an employer switches to a new carrier, the new plan -- even if it duplicates the replaced plan -- will not be grandfathered.

“There are myriad other regulations and requirements,” Rolens says, “and an employer really needs outside professional help if it wants to retain its present insurance on a grandfathered basis.”

This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT’s administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025

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