

Grandfather clause becomes newest health-reform debate

*by Ted Blotsky, Senior Vice President,
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The term *pre-existing condition* is common jargon in the world of healthcare plans. In the early stages of this new health-reform era, however, it's the term *pre-existing health plan* that quickly is becoming prevalent.

Under the new law, existing health plans—also referred to as grandfathered health plans—don't have to meet a number of the requirements. One such requirement goes into effect in September and prohibits health plans from charging co-payments and other cost sharing for certain preventative health services, such as immunizations and cancer screens.

The law's definition of a grandfathered health plan is one in which an individual was already enrolled on March 23, 2010, the date President Barack Obama signed the Patient Protection and Affordable Care Act into law. The main lingering question that is awaiting federal clarification involves whether that grandfather status remains in effect if a health insurer tweaks the plan. Also, the law doesn't have any sunset clause after which a plan would no longer have its exemptions, but there's some question as to whether plans will be grandfathered indefinitely.

Business groups argue that employers already offering health plans should hope for a loose interpretation of the grandfathering clause, an interpretation that allows tweaks to coverage and benefits. Existing plans should be allowed to maintain some semblance of flexibility, they argue. If health plans lose their grandfather status over such tweaks, they fear that costs and premiums will increase.

Consumer groups worry that those who already have coverage won't realize the full benefits of the reform effort and are encouraging the law writers to consider more carefully who and what is grandfathered.

At Associated Industries, we know there is a lot of uncertainty. Businesses have decisions to make in coming months about what coverage to offer—and at what price—as they map out their benefits packages for 2011. We'll keep you apprised of what happens as this blurry issue comes into sharper focus.

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