



eActionAlert

Post Script to “The Landmark Health Care Reform Bill – March 24, 2010”

March 30, 2010

We have welcome news for employers with existing group health plans. After a detailed examination of both the Patient Protection and Affordable Care Act (HR 3590, a.k.a. the “health care reform bill”) and the Health Care and Education Reconciliation Act of 2010 (HR 4872, a.k.a. the “fix it” bill), we have confirmed that existing group health plans are ‘grandfathered’ from having to make these changes identified in our Alert dated March 24, 2010:

- Eliminating **annual** limits on health benefits (until 2014 plan years); **lifetime** limits are not grandfathered
- New medical claim appeals procedures and rules
- Free preventative care
- Eliminating pre-existing condition exclusions (until 2014 plan years)
- Prohibiting discrimination among full-time employees based on rates of compensation
- Before 2014 the requirement of covering adult children up to age 26 applies only if the adult child is not eligible to enroll in some other employer-provided plan

A change not mentioned in our last alert was the banning of waiting periods in excess of 90 days, which will not take effect until the first plan year beginning in 2014. Also, the “fix it” bill allows married as well as unmarried adult children to be covered up to age 26.

Not only does this grandfathering apply to existing participants, but to new enrollees as well, *provided the plan existed on March 23, 2010.*

We wanted to be sure of this grandfathering provision before we informed our clients about it so we hesitated to put it in last week’s **eActionAlert** despite rumors surfacing in the press. It sounded too good to be true, but fortunately we are now satisfied that it is true. So our existing health plan clients can breathe a little easier for awhile.

We would add one word of caution: it is not clear to us at what point making design changes to a plan could cause that plan to no longer be the “same plan” and therefore lose its ‘grandfathered’ status. We urge employers to exercise caution before making design changes and to consult with their advisors first.

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