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Changing Insurance Carriers and Grandfather Status

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On November 18, 2010, the U.S. Departments of Labor, Health and Human Services and Treasury yesterday issued an amendment to the interim final regulations governing grandfathered health plans. The announcement of this amendment is not much of a shock, but is a welcome clarification nonetheless. The amendment allows an employer with an insured health plan(s) to change insurance carriers and shop for the same coverage without losing their grandfathered plan status. It is important to note, though, that the structure of the new coverage cannot violate one of the other rules for maintaining grandfathered status.

In order to maintain grandfathered status, a plan that moves to a new policy or contract must share with the new carrier documentation showing the terms of the current plan designs (benefits, employee and employer contributions, limits, etc.). The information must be detailed enough to determine whether the new carrier can mirror the current plan sufficiently to avoid losing grandfathered status.

This amendment is effective for plans that change carriers on or after

November 15, 2010, and does not retroactively apply to employers who previously changed carriers and lost grandfathered status.

This is welcome news to employers reviewing plan design and carrier options right now as part of their open enrollment planning.

Should you have any questions related to Health Care Reform and how it impacts your organization, Kushner & Company's consultants are available to perform a Health Care Reform Audit. Please contact us for more information.

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