

**Health Care Reform: Insurance Coverage**  
**Application by Market Segment and Grandfather Status**

Critical to efforts to make insurance coverage accessible and affordable as mandated by the health reform legislation signed into law in March 2010 are a series of reforms to the private insurance system. While the primary focus is the individual and small group insurance markets, elements of the legislation also impact the large group and self-insured markets.

Plans in all markets that were in place on the date of enactment (March 23, 2010) are considered to be "grandfathered" and as such are exempt from a number of provisions.

At the time of passage there were no details given regarding the circumstances under which a plan might lose its grandfather status. Interim final regulations, published on June 14, 2010, provide such detail.

Below is a chart that provides detail on the provisions that make up the insurance market reforms and their applicability by market segment and grandfather status.

If you have any questions or need any further detail, please contact your regular Baker Donelson attorney or any of these other attorneys:

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**Application by Market Segment and Grandfather Status**

		Individual		Small Group		Large Group	
Provision	Effective Date	Grandfathered Policies	New Policies	Grandfathered Plans	New Plans	Grandfathered Plans	New Plans
2010 "NEAR-TERM" MARKET CHANGES							
No Pre-Existing Exclusion for Children	Plan years 6 Months after Enactment	n/a	x	x	x	x	x
Dependent Coverage to Age 26	Plan years 6 Months after Enactment	x	x	x <sup>1</sup>	x	x <sup>1</sup>	x
No Rescissions	Plan years 6 Months after Enactment	x	x	x	x	x	x
No Discrimination in Favor of Highly Compensated (Eligibility/Benefits)	Plan years 6 Months after Enactment	n/a	n/a	x	x	x	x
Early Retiree Reinsurance	90 Days after Enactment (sunsets 1/1/14)	n/a	n/a	x	x	x	x
Rate Review	2010 Plan Year	n/a	x	n/a	Insured Plans Only <sup>2</sup>	x	Insured Plans Only <sup>2</sup>
Medical Loss Ratios	- Reporting: Plan Years 6 Months after Enactment - Rebates: Begin 1/1/11 with respect to Plan Year	x	x	Insured Plans Only <sup>2</sup>	Insured Plans Only <sup>2</sup>	Insured Plans Only <sup>2</sup>	Insured Plans Only <sup>2</sup>
2014" MARKET CHANGES							
Guaranteed Issue	2014 Plan Year	n/a	x	x	x	n/a	x
Modified Community Rating	2014 Plan Year	n/a	x	n/a	Insured Plans Only <sup>2</sup>	n/a	Insured Plans Only <sup>3</sup>
No Pre-Existing Exclusion Period	2014 Plan year	n/a	x	x	x	x	x
No Waiting Periods >90 Days	2014 Plan Year	n/a	n/a	x <sup>3</sup>	x	x <sup>3</sup>	x

<sup>1</sup> Prior to 2014 grandfathered plans need only offer dependent coverage if dependent not eligible for other employer group coverage.

<sup>2</sup> Does not apply to self insured plans exempt from state laws under ERISA.

<sup>3</sup> Applies to grandfathered plans effective 90 days after enactment.

Provision	Effective Date	Individual		Small Group		Large Group	
		Grandfathered Policies	New Policies	Grandfathered Plans	New Plans	Grandfathered Plans	New Plans
Nondiscrimination Based on Health Status	2014 Plan Year	n/a	x	Prior Rqm't	x	Prior Rqm't	x
Risk Corridors	Calendar Years 2014-2016	n/a	Qualified Health Plans	n/a	Qualified Health Plans	n/a	n/a
Risk Adjustment	1/1/14	n/a	x	n/a	Insured Plans	n/a	n/a
Interstate Sales Compacts	1/1/16	n/a	x	n/a	n/a	n/a	n/a
Transitional Reinsurance Program	1/1/14-12/31/16	n/a	Years eligible for reinsurance and subject to assessment	n/a	Ineligible for reinsurance but subject to assessment	n/a	Ineligible for reinsurance but subject to assessment (directly through insurers and indirectly through any third party administrators)
<b>PATIENT PROTECTIONS</b>							
Internal and External Appeals	Plan Years 6 Months after Enactment	n/a	x	n/a	x	n/a	x
Emergency Services	Plan Years 6 Months after Enactment	n/a	x	n/a	x	n/a	x
PCP/Pediatrician Choice	Plan Years 6 Months after Enactment	n/a	x	n/a	x	n/a	x
OB/GYN Access	Plan Years 6 Months after Enactment	n/a	x	n/a	x	n/a	x
<b>BENEFIT REQUIREMENTS</b>							
Lifetime Dollar Limits	Plan Years 6 Months after Enactment	x	x	x	x	x	x
Annual Dollar Limits	- Restricted: Plan Years 6 Months after Enactment - Prohibited: 2014 Plan Years	n/a	x	x	x	x	x
Preventive Services with No Cost-Sharing	Plan Years 6 Months after Enactment	n/a	x	n/a	x	n/a	x
Clinical Trials Coverage	2014 Plan Year	n/a	x	n/a	x	n/a	x

Provision	Effective Date	Individual		Small Group		Large Group	
		Grandfathered Policies	New Policies	Grandfathered Plans	New Plans	Grandfathered Plans	New Plans
Essential Benefits: - Hospitalization - Ambulatory Services - Emergency Services - Maternity - Mental Health - Rx Drugs - Specified Services	- Exchange: 1/1/14 - Outside: 2014 Plan Year	n/a	x	n/a	x	n/a	n/a <sup>345</sup>
Annual Out-of-Pocket Maximum (Limited to HDHP Levels)	- Exchange: 1/1/14 - Outside: 2014 Plan Year	n/a	x	n/a	x	n/a	x
Deductible Limits at \$2,000/\$4,000 (Single Family)	- Exchange: 1/1/14 - Outside: 2014 Plan Year	n/a	n/a	n/a	x	n/a	n/a
Specified Actuarial Value Requirements	- Exchange: 1/1/14 - Outside: 2014 Plan Year	n/a	x	n/a	x	n/a	n/a
Continues Application of State Benefit Mandates	- 1/1/14	x	Do not apply to plans sold through exchange unless state pays difference	x	Do not apply to plans sold through exchange unless state pays difference	x	Insured Plans
<b>CONSUMER INFORMATION AND DISCLOSURE</b>							
Coverage and Cost-Sharing Transparency and Disclosure Requirements	Plan Years 6 Months after Enactment	n/a	x	n/a	x	n/a	x
Uniform Summaries of Benefits/Coverage	24 Months after Enactment	x	x	x	x	x	x
Notice of Mid-year Changes	24 Months after Enactment	x	x	x	x	x	x
Quality Reporting Requirements	HHS to Issue Requirements within 2 Years after Enactment	n/a	x	n/a	x	n/a	x

<sup>4</sup> Applies to health plans but not if exempt under ERISA. Also does not apply to MEWAs to extent not subject to state law.

<sup>5</sup> If insurer sells large group through the exchange after 1/1/17, must comply.