

ACA and “Grandfathered” Plans

Health Care Task Force

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The ACA allowed for Individual and Group policies to be “Grandfathered”

- Individual and Group policies that were in effect when the ACA was signed into law (March 23, 2010) had the option to be “grandfathered” and not have to meet many of the new ACA requirements.
- Carriers needed to decide in 2010 if they were going to “grandfather” existing policies.
- Regulations issued by HHS put restrictions on “grandfathered” plans.

The regulations state that grandfathered status would be lost if any of the following changes were made to a policy at any time after March 23, 2010

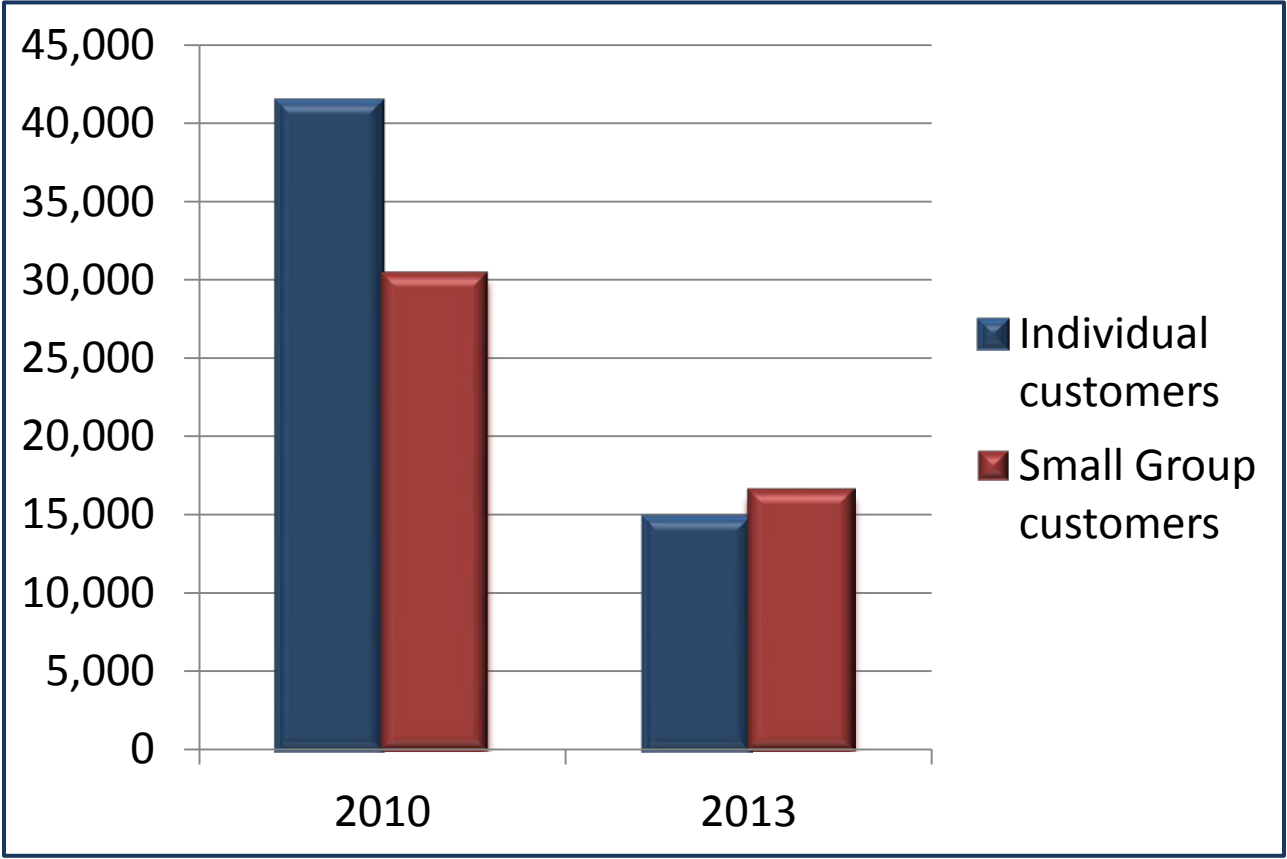
- Coverage for a particular condition or illness is eliminated.
- An annual dollar limit on benefits is imposed
- An existing limit is reduced.
- A coinsurance percentage is increased to any extent.
- A dollar co-payment is increased by more than the greater of \$5.00 indexed for medical inflation or 15 percent (one-time allowance) plus medical inflation beyond what was in effect at the time the ACA was enacted.
- Deductibles or out-of-pocket maximums are increased by more than 15 percent (one-time allowance) plus medical inflation beyond what was in effect at the time the ACA was enacted.
- The employer changes eligibility requirements in certain ways or increases its employees' contributions to premium by more than 5 percent plus medical inflation.

“Non-Grandfathered” policies will need to transition to ACA compliant policies during 2014

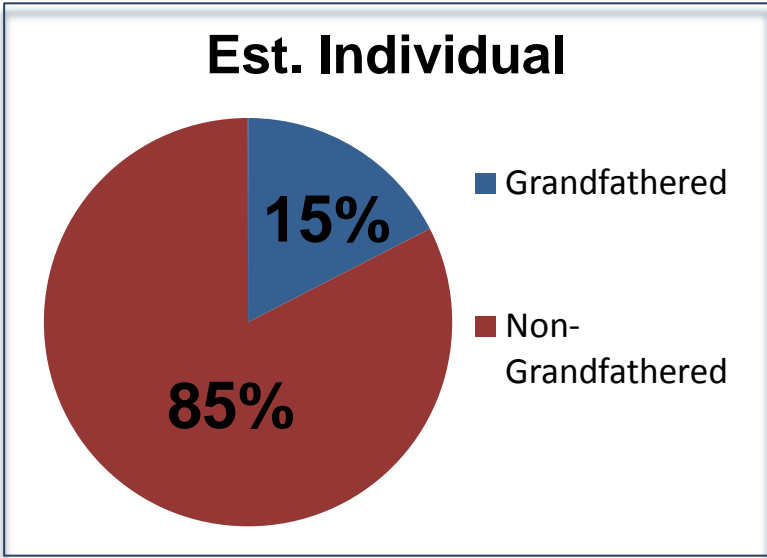
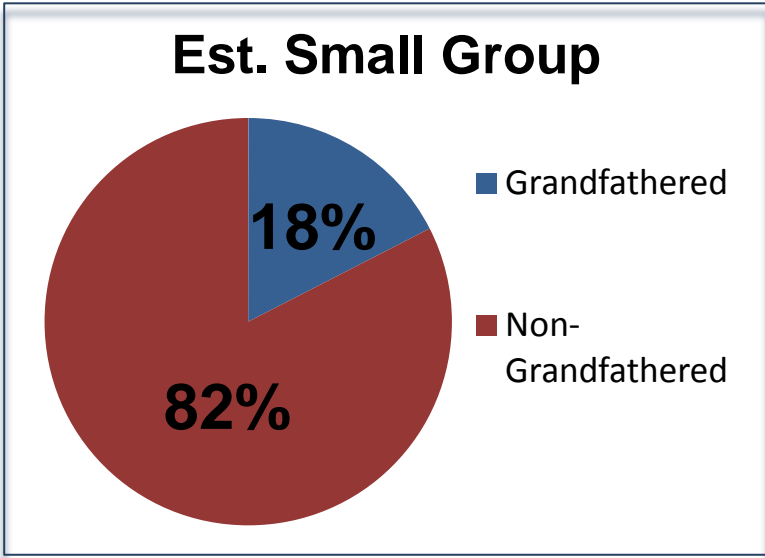
- Any Individual or Group policy purchased after March 23, 2010 is not eligible for “grandfathering” and these policies are called “non-grandfathered” policies.
- For carriers who chose not to “grandfather” in 2010, those policies are “non-grandfathered”.
- The number of Individual and Small Group “grandfathered” policies reduces each year due to the high rate of turn over, particularly in the Individual market.
 - According to regulations released by HHS, “between 40 percent and 67 percent of policies are in effect for less than one year” and this is the chief source of changes in grandfather status.
 - The large turnover in the individual market is primarily due to changes in people’s circumstances. This includes life changes such as someone aging off their parent’s policy, being between jobs and losing their employer coverage or moving to a new area.

The number of “grandfathered” policies in the market has reduced due to the high turnover rate

Grandfathered Individual and Small Group Blue Cross of Idaho Customers



The majority of policies in the market are “non-grandfathered” and will need to migrate to ACA compliant policies in 2014 at or before renewal



Individuals and Small Groups are Guaranteed Access to Health Insurance Option in 2014

- ***Customers with “Grandfathered” policies can keep what they have or they can shop in the new market***
- ***Customers with “Non-grandfathered” policies will need to transition to ACA compliant policies.*** Individuals and Small Groups have the ability to purchase any product on the market in their area. Financial assistance for individuals to purchase eligible new policies is available to those who qualify.
- ***We want to keep our customers.*** In policy change notices to consumers, Blue Cross of Idaho is educating customers about their new coverage options, including financial assistance that is available through the new marketplaces, and providing information to help them enroll.

Example letter being sent to “non-grandfathered” customers about their policy transition

November, 2013

Subscriber Name

Subscriber Address

Subscriber City, State, and Zip

Renewal Date: January

**Assigned Plan: _____*

Important Information About the Transition of Your Health Insurance Plan

Dear Blue Cross of Idaho Enrollee:

Blue Cross of Idaho is pleased to offer you continued health insurance coverage effective January 1, 2014. Because you bought your plan, or made changes to it, after the March 23, 2010 passage of the Affordable Care Act (ACA), your current plan is not grandfathered and Blue Cross of Idaho cannot offer this coverage after December 31, 2013.

Many of the ACA's provisions take effect in 2014, including rules that require health insurance plans to include specific benefits. Your current plan does not include all of these benefits and therefore, by law, we can no longer offer you the coverage you have.

We offer plans that meet the ACA requirements and provide the coverage you need at a price you can afford. To help you find the plan that best meets your needs we have included an overview of our available plans and the costs of our plans in your area.

Here are some things you need to know:

- * **If you have not chosen a new plan by December 15, 2013**, Blue Cross of Idaho will transfer you and the dependents on your current plan to the assigned Bronze plan listed at the top of this letter so there is no break in your coverage.
- You may choose a different ACA-qualified plan from Blue Cross of Idaho through the Idaho Health Insurance Exchange at **yourhealthidaho.org**. This may be an advantage for you if you qualify for subsidies based on your household income and family size. You can find out if you might qualify by using the subsidy calculator at **shoppers.bcidaho.com**. Please contact your broker or local Blue Cross of Idaho office at 800-365-2345 for more information.
- We will bill you for the first month's premium for your new ACA plan. Payments must be received by December 20 for a January 1, 2014 effective date. **Please note:** If you currently have your monthly premium payments automatically withdrawn from your checking account, we will not automatically withdraw your first premium payment for your new plan. You must submit this payment to Blue Cross of Idaho. We will continue to withdraw all second and subsequent premium payments automatically.
- Enrolled members under age 19 must have dental coverage that meets ACA coverage requirements. If you do not choose a qualified dental plan that meets ACA requirements, we will enroll members under 19 into our lowest cost dental plan.

Providing health insurance for you and your family is important to us and Blue Cross of Idaho is here to help you if you have questions or need assistance. We look forward to working with you to meet the healthcare coverage needs of you and your family.

Sincerely,

cc: «Broker1_Name» «Broker1_ID»
«Broker2_Name»«Broker2_Name»
«Broker2_ID»«Broker2_ID»

Rex Warwick, CHC
Vice President, Sales

Enclosures: Plan Comparison Sheet
2014 Individual Product Rate Sheet