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## Change becomes a health care hallmark

Ryan Doran | Jul-01-10, 01:55 PM

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Health care reform provides provisions for grandfathered health plans, but according to industry insiders, avoiding change, even for the short-term, is just not realistic. Any drastic changes, however, should be given serious thought.

"Essentially if you like your health care plan now you don't have to change," said Ruben Nogueira, co-partner at Benefit Planning Services in Norwalk.

A grandfathered health plan is any group plan or individual coverage that was in effect on March 23, the date of the reform law's enactment. Even if an individual reenrolls in a grandfathered health plan or new employees (and their families) are added after the date, it does not destroy the plan's grandfathered status. Also an individual who was covered by a grandfathered health plan may add his or dependents to the plan after March 23, 2010, without negating the plan's grandfathered status as long as the plan allowed for dependent or family coverage before that date.

Nogueira said that, although change is an option, alterations in your old plan can negate the grandfathered status.

"With the grandfathered status, as long as you stay grandfathered, some of the new regulations won't apply to you," said Nogueira. "If you change insurance companies, you lose grandfathered status."

The grandfathering relief allows certain plans in effect on the date of enactment to avoid the application of many of the new rules. Nogueira said businesses that are grandfathering their current plans still need to keep ears open; there are some health care reform provisions that do apply to grandfathered plans.

Provisions that affect grandfathered plans include: elimination of pre-existing condition exclusions from group health plans for children under the age 19; dependent coverage up to age 26 if the child is not eligible to enroll in other employer provided coverage; elimination of coverage rescissions; and the requirement that group health plans eliminate lifetime maximum limits.

Mike Sutton, co-partner at Benefit Planning Services, said a company staying with a single health insurance carrier for more than a few years is rare, and therefore grandfathering should not be looked on as a long-term strategy for any business or individual.

"I would say to business owners who think that they can stay grandfathered and the new health reform law won't apply to you, 'That that's probably not true,'" said Sutton. "With the changes we make every year to plans, you're not going to stay grandfathered very long. Those that can, that's the minority. More likely you're in the majority."

Matt Fair, chairman and president of The Connecticut Benefit Brokers and executive representative at Pierson & Smith, an independent and privately owned insurance firm in Norwalk, said changing carriers is not the only thing that disqualifies grandfathering, minute changes are also considered changes.

"It's very unrealistic that over the next three years that employers will not change anything in their plans," said Fair. "If they're not changing plans every year, it's certainly going to happen over three years; and with change in plans and the likelihood, with material changes like copays, coinsurance and deductibles, no change is not realistic at all."

Fair said in addition to being not applicable to most businesses, the value of the grandfathered plan is reduced even more because mandates that will continue to affect all health plans must factor into the grandfathered costs.

And Fair said, holding onto a grandfathered plan will only delay being affected by mandates; eventually, all plans will dance to the same piper.

Alternatively a number of business owners are taking extreme action to their current plans.

Nogueira said some are considering extreme alternatives, like doing away with offering a plan altogether and offering a cash stipend; leaving employees to shop for coverage on their own.

"Working for them, we have to do our best for them, said Sutton. You're going to run into problems by letting employees buy insurance on their own."

Nogueira said it is simply not a good business practice and sends a bad message to employees.

"You're trying to hire people and looking for quality and well educated people and those people are definitely going to be looking for some benefits," said Sutton.

"Incorporating high deductibles, most plans are heading in that direction," said Nogueira.

"We've been doing things like that and it works."

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