

How the Affordable Care Act Affects Grandfathered Plans

Grandfathered plans- These health plans, known as “grandfathered health plans,” are exempt from some, but not all, of the provisions of the Affordable Care Act (ACA) as long as they maintain their grandfathered health plan status. Grandfathered health plan coverage means coverage provided by a group health plan, or a health insurance issuer, in which an individual was enrolled on March 23, 2010. A grandfathered group health plan to which newly-hired or newly-enrolled participants and their families are added after March 23, 2010 will continue to be a grandfathered health plan with respect to those newly-added individuals. In short, such new enrollees and their families will be covered under a grandfathered health plan.

Provisions of the Act that apply to all group and individual health plans, whether or not grandfathered include:

- the prohibition of lifetime benefit limits
- the provision related to rescission of health plan coverage

The following web [link](#) provides a chart with detailed information on some of the various provisions of the ACA, and explains their applicability to grandfathered plans.

A grandfathered health plan may not eliminate benefits, or increase co-payment percentages beyond strict limits, but may increase cost-sharing such as changes in deductible limits as long as they comply with ACA mandated calculations using medical CPI (Consumer Price Index) data. The regulations limit the extent to which health plans and issuers are permitted to increase the cost-sharing requirements and continue to be considered a grandfathered health plan. The Act and Regulations prohibit the imposition of lifetime and most annual benefit limits until January 1, 2014 when all plans other than grandfathered *individual* plans are not allowed to impose annual benefit limits.