



Legislative Update

September 7, 2010

Health Reform – Are you Ready?


The Patient Protection and Affordable Care Act (the health reform law) requires all group health plans to comply with certain mandates, some of which are phased in over time. Conner Strong's goal is to assist our clients in understanding these complex reform regulations. To keep you up to date on the new rules, Conner Strong is providing client reviews, periodic email updates, and posting informative documents to our [internet site](#). We also are hosting educational employer [webinars](#) on health care reform.

We have created a health reform implementation [checklist](#) to ensure you don't miss a beat and that you are ready for the immediate issues. There are still many questions surrounding how the rules will be implemented and the checklist does not cover every issue under health reform. It is intended as a brief highlight of some of the changes both grandfathered and non-grandfathered plans will need to consider for plan years beginning on or after September 23, 2010. Employers and plan sponsors will need to carefully review all of their plan materials to ensure compliance with these new requirements.

Certain plan design changes must be made for the upcoming plan year even if the plan is "grandfathered" (as further discussed below). Other provisions of the Act may impact design and administration so sponsors will want to consider them now. The first section of the checklist applies to grandfathered and non-grandfathered plans. The second section lists those issues that only will apply to non-grandfathered plans. To the extent any of these items results in plan changes, employees will need to be notified, plan documents and open enrollment materials will need to be updated, and administration will need to be changed accordingly.

Under the health reform law, health plans that were in existence on March 23, 2010 (the date of enactment) are considered "grandfathered" and do not have to comply with certain new reforms in the law (e.g., nondiscrimination for insured plans, first dollar preventive care, new claims and appeal rules, etc.). However, grandfathered status may be lost if a grandfathered plan changes its terms, in which case it will immediately become subject to all of the market reforms. Plan sponsors will need to balance the benefit of grandfathered status against other business and financial objectives on an ongoing basis, and consider the point at which maintaining such status is no longer feasible.

Plans can lose their grandfather status if they take certain steps such as reducing benefits, significantly raising co-payment charges, significantly raising deductibles, or changing insurance carriers. Therefore it is essential that plan sponsors assess their grandfathered status. After assessing their grandfathered status, many plan sponsors



will elect to forego grandfathered status as they would rather have the flexibility to change their benefit programs than be tied down to the limited modifications allowed under the law.

Conner Strong is working with our clients to ensure they are ready and the checklist is a good organizational tool. For more information on many of the compliance items noted in the checklist, review our Conner Strong Legislative Updates available on the [Conner Strong Website](#). Further, on **Tuesday, September 14th, 2:00pm - 3:00pm EST** Conner Strong's Health & Welfare Compliance and Audit Practice will host our third webinar on national health reform. The webinar's focus will be *Planning for Open Enrollment after Health Care Reform*. Please hold the date. An invitation with registration information will be issued shortly. **Please contact your Conner Strong representative with any questions, toll-free at 1-877-861-3220.**

<p><i>This Legislative Update is provided for general informational purposes only and is not intended to be legal advice. Readers are urged to contact an attorney for legal advice or assistance.</i></p>
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