



December 21, 2010

## Mini-Med Plans – New Model Notice Language and Restricted Sales Guidance

The Department of Health and Human Services (HHS) released new guidance that restricts the sale of “mini-med” or “limited benefits” plans and also requires disclosure of plan information to consumers. These “mini-med” health plans feature low premiums and low annual limits and allow many employers to provide very low-cost coverage to workers who may not be able to afford coverage otherwise. More information about the new guidance can be found in the HHS [Fact Sheet](#) and the [News Release](#).

Under the Affordable Care Act, annual dollar limits and mini-med plans will end in 2014. Until then, annual limits are phased out (\$750,000 for plan years starting between September 23, 2010 and September 22, 2011, \$1.25 million for plan years starting on or after September 23, 2011, and \$2 million for plan years starting between September 23, 2012 and January 1, 2014). Earlier guidance created a process for plans to apply for temporary annual limit waivers from these rules. These waivers only last for one year and are only available if the plan certifies that a waiver is necessary to prevent either a large increase in premiums or a significant decrease in access to coverage.

The new guidance requires health plans with these waivers to tell consumers if their health care coverage is subject to an annual dollar limit lower than what is required under the law. The guidance also provides new rules on when mini-med plans can continue to be sold. Under limited circumstances, insurers that have obtained a waiver of the annual limit requirement can sell policies to new employers and individuals. The notice and restriction on sale guidance is further explained below.

### **New Notice Requirements:**

- [Consumer notice guidance](#) provides that as a condition of receiving a waiver from the annual limits requirements, a group health plan or health insurance issuer offering “mini-med” plans must provide a notice informing current and eligible participants and subscribers that the plan or policy does not meet the minimum annual limits for essential benefits and has received a waiver of the requirement.
- [Model language](#) is provided to meet this requirement. Plans must provide notices in clear 14-point bold type. Health plans with waivers are required to include the dollar amount of the annual limit along with a description of the plan benefits to which the limit applies.

## Restrictions on Sale:

- [Restrictions on sale guidance](#) addresses circumstances under which issuers that have obtained a waiver may sell new policies that do not comply with annual limit restrictions. The new guidance clarifies that only plans already in place prior to September 23, 2010 may apply for waivers of the annual limit requirement. No new plans may apply for waivers.
- Except as noted below, insurers that have obtained waivers may not sell “mini-med” or “limited benefits” plans to new groups after September 23, 2010, though they may add participants to existing group plans.
- Insurers may sell these plans in states that have laws permitting limited benefit plans with annual limits lower than that allowed by the new health care law until September 23, 2011. After that date, states must apply for another annual waiver for insurers to continue offering them for another year.
- Plan sponsors may switch "mini-med" plan carriers only if:
  - They had offered mini-med plans to employees prior to September 23, 2010;
  - Their plans had previously obtained waivers;
  - The new carriers have waivers;
  - The new annual limits are the same or higher than that for prior coverage unless no other comparable coverage is available; and
  - They provide attestations of the above to new carriers.

Employers are advised to continue to monitor health reform developments. Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong, visit our online [Resource Center](#).



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877-861-3220



[news@connerstrong.com](mailto:news@connerstrong.com)



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