

## Advantages and Disadvantages of Grandfathering

### What is grandfathering?

"Grandfathering" means that some plans are exempt from some Health Care Reform provisions.

### Will Grandfathering help to keep my costs down? Yes and No

**Yes:** The primary exemption permitted under a grandfathered plan is the full coverage of preventive services. Other exemptions allowed for grandfathered plans do not have a material impact on rates and therefore are not expected to increase costs.

**No:** You will not be able to make substantial changes to your cost sharing or premium contributions which may lead to higher overall costs.

**No:** Most plans cover preventive services because they see the value of reducing overall costs by preventing serious illness. In fact, prevention leads to happier, healthier and more productive employees.

### For example:

A typical employer offering one of our more popular health plans will see a small impact in implementing preventive services with full coverage, for illustrative purposes; let's say less than 1%. By contrast, if that same employer wanted to compare the cost of being determined as grandfathered, the employer would not be able to:

- Increase any coinsurance amounts
- Increase any co-pay amounts
- Change it's contribution structure resulting in a decrease in employer contribution for any coverage tier by more than 5% (single person, 2 person or family)

For most employers, we believe that the cost of grandfathering will outweigh the cost of implementing preventive services at full coverage.

### What health care reform provisions do I avoid by becoming grandfathered?

- Preventive services covered in full
- Premium Rating Standards
- Coverage for individuals participating in clinical trials
- Reporting requirements to HHS
  - Financial
  - Quality of care
- Appeals process changes

### What health care reform provisions are still mandated even if I am grandfathered?

- Prohibition on lifetime and annual limits
- Extension of dependent to Age 26
- No exclusion on preexisting conditions
- Prohibition of excessive waiting periods
- No rescissions

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