

Health Reform Update- **November 2010**

Grandfathered Rule Amended

Previously, one of the ways an employer group health plan could lose its grandfathered status was if the employer changed issuers — (i.e. switching from one insurance company to another). The original regulation only allowed self-funded plans to change third-party administrators without necessarily losing their grandfathered plan status. An amendment released on Monday, Nov. 15, 2010 allows all group health plans to switch insurance companies and shop for the same coverage at a lower cost and maintain their grandfather status, so long as the structure of the coverage doesn't violate one of the other rules for maintaining grandfathered plan status, such as significant cost increases or a reduction in benefits.

The amendment also provides that, to maintain status as a grandfathered health plan, a group health plan that enters into a new policy, certificate or contract of insurance must provide to the new health insurance issuer documentation of plan terms (including benefits, cost sharing, employer contributions and annual limits) under the prior health coverage sufficient to determine whether any change is being made, other than a change in carriers, that would cause the plan to lose grandfathered status. The amendment applies to changes to group health insurance coverage that are effective on or after Nov. 15, 2010. The amendment does not apply retroactively to changes to group health insurance coverage that were effective before Nov. 15, 2010.

[Click here to review the facts](#)

[Click here to view the rule](#)

Vermont's Health Reform Consultant Rules Out Single Payer

In a story little reported in the rest of the Vermont press, the Bennington Banner reported that the legislature's consultant on health care reform, Dr. William Hsiao, told the Vermont Medical Society at their meeting last week in Bennington that neither a "public option" nor a single payer option will be in Vermont's future.

The Banner reported as follows:

In addition to economic considerations, federal statutes also provide hurdles. The Employee Retirement Income Security Act, or ERISA, according to Hsiao, "forbids states

to establish any law or program that interferes with self-insured health insurance plans. Twenty percent of people in Vermont are self-insured. Many large companies that offer insurance are self-insured ERISA forbids acts or laws that interfere with that. How do you establish single-payer then?"

The "public option" scenario Hsiao was charged with investigating received plenty of attention during the debate last year over the PPACA law. But the "public option" was dropped from the final bill, with provisions instead adopted to restrict only private insurance companies from offering plans in the state insurance exchanges. "So the second option is out," Hsiao concluded.

[Read full story here](#)

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