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Agencies Amend Grandfather Plan Rules

Today, the agencies amended the grandfather plan rules to allow employers to change insurers without losing grandfather status. Under the prior interim final rules, one of the ways an employer group health plan could lose its grandfather status was if the employer changed insurers. However, as amended, employers can now change insurers without losing grandfather status, so long as the structure of the coverage doesn't violate one of the other rules for maintaining grandfathered plan status (e.g., not increasing co-insurance, and not increasing deductibles or co-pays above certain thresholds). The change is effective immediately.

This change equalizes the treatment with self-insured plans which are currently allowed to change third party administrators without affecting grandfathered status.

A link to the new regulations is as follows:

http://www.ofr.gov/OFRUpload/OFRData/2010-28861_PI.pdf