January 24, 2011

Wellness Surcharges

The month of January has been slow with respect to any new guidance coming out of the Agencies. The Agencies appear to be taking a rest from the work in 2010. However, one item that I have recently worked on is how to calculate the 5% reduction in the cost of coverage for grandfathered plans, when a new wellness program commences. Employers who did not have a wellness program in 2010, but who have started a wellness program in 2011 are somewhat disadvantaged when it comes to retaining grandfathered status. This is because the 2010 employee premiums did not include any wellness surcharges or penalties, but the 2011 employee premiums do include those surcharges. Depending on how you include the surcharges in the 2011 employee premiums, can make a difference in whether a plan retains grandfathered status under the 5% reduction in the cost of coverage rule.