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Group Health Plans and Health Insurance Coverage Rules Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Affordable Care Act

Comment On: IRS-2010-0010-0002

Group Health Plans and Health Insurance Coverage: Status as Grandfathered Health Plan under the Patient Protection and Affordable Care Act; Cross-Reference

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Submitter Information

General Comment

Hypothetical example for clarification:

A health plan that issues individual policies has a number of different benefit packages marketed as plans to consumers. The interim final regulations state that each benefit package must meet the requirements to maintain grandfather status. In these tough economic times, however, many members have approached and are approaching the health plan saying that they wish to maintain health coverage but cannot afford the current benefit package they are in now. They are switching from one benefit package to a lower priced one that has either fewer benefits or perhaps a smaller and more restrictive network of providers. Others may also approach the company and change benefit packages because they seek greater benefits at higher cost or wish to move to a less restrictive network. While it is clear that anyone who joined the plan after 3/23/10 would not be grandfathered if they switched anyway, would an individual who had coverage on 3/23/10 lose their grandfather status if they switched to a different benefit package with the same health plan (1) for economic and ability to pay reasons; or (2) for other than economic reasons.

We believe that the departments should view a change in benefit package within a health plan by a member (whether for fewer benefits and lower price or greater price and greater benefits) as allowable and the member should retain grandfather status in that new benefit package. If the departments do not view this as possible, the departments should consider retention of grandfather status by members who switch benefit packages within health plans through a certain date in the near future (post 3/23/10 but before 9/30/10 or 12/31/10) because of the fact that the interim final regulations only recently came out and plans and members are still not clear on these complex issues.