

PROVISIONS IN SUBTITLES A AND C OF TITLE I OF THE AFFORDABLE CARE ACT
THAT ***DO APPLY*** TO GRANDFATHERED PLANS

PHS Act Section	Description	Effective Date
§2704 (Added by §1201; a “Subtitle C” provision).	<i>Prohibition on denial of coverage to enrollees with pre-existing conditions.</i> Prohibition of preexisting condition exclusion or other discrimination based on health status.	General Rule: Plan years beginning on or after January 1, 2014. (§1251(a)(4)(B)(i).) Special rule: Plan years beginning on or after September 23, 2010 for enrollees who are under 19 years of age. (ACA §1255(2).)
§2705 (added by ACA §1201; a “Subtitle C” provision).	<i>Codification of existing rules that prohibit rules for eligibility based on health status-related factors and permit wellness program-related rewards up to 30% of the cost of the employee-only coverage.</i> Retains the HIPAA nondiscrimination provisions for group health plans and group health insurance issuers. Plans and group health insurance issuers may not set eligibility rules based on factors such as health status and evidence of insurability – including acts of domestic violence or disability. Provides limits on the ability of plans and issuers to vary premiums and contributions based on health status. The Affordable Care Act adds new provisions regarding wellness programs.	Plan years beginning on or after January 1, 2014
§2708 (Added by ACA §1201; a “Subtitle C” provision).	<i>Waiting periods may not exceed 90 days.</i>	Plan years beginning on or after January 1, 2014
§2711 (Added by ACA §1001; a “Subtitle A” provision).	<i>No Lifetime or Annual Limits.</i> Health plans may not establish lifetime limits on the dollar value of “essential health benefits” for any participant or beneficiary, or annual limits except that, for plan years beginning before January 1, 2014, plans may impose annual limits on “essential health benefits” that are defined by the Secretary of HHS as “restricted.” .	Plan years beginning on or after September 23, 2010 (ACA §1251(a)(4)(B)(i))

<p>§2712 (Added by ACA §1001; a “Subtitle A” provision).</p>	<p><i>Prohibition on Recissions.</i> Prohibition on rescissions after coverage begins. Rescissions will still be permitted in cases where the covered individual committed fraud or made an intentional misrepresentation of material fact as prohibited by the terms of the plan or coverage.</p>	<p>Plan years beginning on or after September 23, 2010 (ACA §1251(a)(4)(A)(ii))</p>
<p>§2714 (Added by ACA §1001; a “Subtitle A” provision).</p>	<p><i>Coverage of adult children.</i> Plans and insurers that offer coverage of dependents who are children must continue that coverage to adult children through the date the child attains age 26 (regardless of whether the child qualifies as a dependent for tax purposes, is married, or is a student).</p>	<p>General Rule: Plan years beginning on or after September 23, 2010.</p> <p>Special Rule: For plan years beginning prior to January 1, 2014, a grandfathered group health plan may restrict coverage to adult children who are not eligible to enroll in an employer-sponsored health plan other than a grandfathered plan. Thereafter, grandfathered plans are subject to the same requirements as non-grandfathered plans. (ACA §§1251(a)(4)(A)(iv) and (a)(4)(B)(ii).)</p> <p>NB: May 13, 2010 interim final regulations relating to PHS Act 2714: in the case of an adult child who is eligible for coverage under the employer sponsored plans of both parents, neither parent’s plan may exclude the adult child from coverage based on the fact that the adult child is eligible to enroll in the other parent’s employer-sponsored plan</p>
<p>§2715 PHSA (added by ACA §1001; a “Subtitle A” provision),</p>	<p><i>Plans and insurers must use a standardized summary of benefits and coverage explanation as described in standards to be created by the Secretary of HHS.</i></p>	<p>By March 23, 2011(ACA §1251(a)(3))</p>

<p>§2718(b) (added by ACA §1001; a “Subtitle A” provision).</p>	<p><i>Rebates to participants if the medical cost ratio is less than 80% in the small group market or 85% in the large group market.</i></p>	<p>Plan years beginning on or after September 23, 2010, and effective not later than January 1, 2011. ACA §2718(b)(1)(A) specifically says this requirement applies to grandfathered plan. However, this Section only applies to <i>health insurance issuers</i>, as defined in §2791(b) of the Public Health Service Act. That term does not include self-insured plans. Result: Self-insured plans are not subject to this requirement, but all fully insured plans -- grandfathered and nongrandfathered alike -- are subject to this requirement.</p>
---	--	--