



BlueCross BlueShield of South Carolina  
BlueChoice HealthPlan of South Carolina

## Health Care Reform — Bulletin #12

December 3, 2010

### Update on Grandfathering

The Department of the Treasury, Department of Labor, and Department of Health and Human Services recently released information that modifies the original Interim Final Rules (IFR) regarding grandfathered status.

#### ***Individual Policies***

In Q2 of its fourth set of FAQs issued on October 29, 2010, the Departments indicated that an individual health insurance policyholder may choose to raise his or her cost-sharing requirements in exchange for a lower premium rate without losing grandfathered status. As long as this option was available to the policyholder on March 23 (the day the health care reform law was enacted), he or she may elect to reduce premiums for higher cost-sharing without affecting grandfathered status. To read the FAQs in their entirety, go to [www.hhs.gov/ociio/regulations/implementation\\_faq.html](http://www.hhs.gov/ociio/regulations/implementation_faq.html).

For individual policies purchased before March 23, 2010, BlueCross will allow a member to make changes and retain grandfathered status as long as the change does not require issuance of a new policy. For example, a member can change the deductible or coinsurance level within a policy, but cannot move from one policy to another (i.e., Personal BluePlan<sup>SM</sup> 1 to Personal BluePlan<sup>SM</sup> 2 or Personal Blue<sup>SM</sup> HDHP to Personal Blue<sup>SM</sup> Basic). For policies that pre-date our Personal Blue line of products, no changes will be allowed. Examples of these older policies include the Mark IV, Core 1 or 2, PCHP, or Personal Blue<sup>SM</sup> for Kids.

#### ***Group Plans***

On November 15, 2010, the Departments released an amendment to IFR for group health plans relating to grandfathered status. This amendment reverses previous direction that a fully insured group that moves from one carrier to another will lose its grandfathered status. The amendment allows a group to switch carriers as long as the structure of the new coverage does not violate any of the other rules for maintaining grandfather status. The group is responsible for providing plan details (including benefits, cost sharing, employer contributions and annual limits) from its previous carrier to the new carrier if the group wants to retain its grandfathered status. The new carrier will be responsible for verifying that the benefits are within the thresholds before affirming grandfathered status.

Keep in mind that this amendment is not retroactive and is based on effective dates on or after the amendment was made public (November 15, 2010). It also only applies to group health plans, not individual health policies. To learn more about this amendment to the IFR, go to [www.hhs.gov/ociio/regulations/grandfather/factsheet.html](http://www.hhs.gov/ociio/regulations/grandfather/factsheet.html).

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This bulletin is part of a series of bulletins we are publishing as we gather information about the health care reform law enacted March 23, 2010. To access all of the bulletins released so far, please visit our websites (SouthCarolinaBlues.com or BlueChoiceSC.com). Click on the appropriate tab (Members, Agents, Benefits Coordinators/Group Administrators or Providers); then click on the "Health Care Reform" link to view the list of the bulletins.

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