Health Care Reform: Grandfathered Plans

If you are covered by a health insurance plan that existed on or before March 23, 2010, your plan may be "grandfathered," and you may not get some rights and protections that newer plans offer.

Grandfathered plans are those that were in existence on March 23, 2010, and haven’t been changed in ways that substantially cut benefits or increase costs for consumers. Insurers must notify consumers who have these policies.

Types of Grandfathered Plans

There are two types of grandfathered plans pertaining to the Affordable Care Act: job-based plans and individual plans.

Job-based grandfathered plans can enroll people after March 23, 2010, and still maintain their grandfathered status. They can do this as long as the plans haven’t been changed in ways that substantially cut benefits or increase costs for consumers. Employers must notify employees with these policies that they have a grandfathered plan, and the plans must have continuously covered at least one person since March 23, 2010.

Individual grandfathered plans can no longer enroll new members and have that new enrollment be considered a grandfathered policy. But insurance companies can continue to offer the grandfathered plans to people who were enrolled before March 23, 2010. An insurance company can also decide to stop offering a grandfathered plan. If it does, it must provide notice 90 days before the plan ends and offer enrollees other available coverage options.

Determining Grandfathered Status

To determine if your plan is grandfathered:

- Check your plan’s materials. Grandfathered health plans must disclose their grandfathered status in any plan materials distributed to beneficiaries or primary subscribers, describing the plan’s benefits. These materials must also contain contact information for questions and complaints.
- Check with your employer or your health plan’s benefits administrator. If you are in a group health plan, the date you joined may not reflect the date the plan was created. New employees and new family members may be added to a grandfathered group health plan after March 23, 2010.

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What Grandfathered Plans Do and Do Not Have to Cover

Here’s a quick look at the consumer protections that do and don’t apply to grandfathered plans. All health plans must:

- End lifetime limits on coverage
- End arbitrary cancellations of health coverage
- Cover adult children up to age 26
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- Provide a Summary of Benefits and Coverage (SBC)—a short, easy-to-understand summary of what a plan covers and its costs
- Ensure insurance companies are spending your premiums on health care, not administrative costs and bonuses

Grandfathered plans DON'T have to:

- Cover preventive care for free
- Guarantee your right to appeal
- Protect your choice of doctors and emergency care
- Be held accountable through Rate Review for excessive premium increases

In addition to the above, grandfathered individual health insurance plans don't have to:

- End yearly limits on coverage
- Cover you if you have a pre-existing health condition

Please note that some grandfathered plans offer protections they're not required to. Check with your insurance company or benefits administrator to learn if your grandfathered plan offers any of the rights and protections listed above.

Losing Grandfathered Status
A grandfathered plan can lose its grandfathered status upon making certain significant changes that reduce benefits or increase costs to you. It is important to note that although grandfathered plans can make only limited changes to the percent of the premium the employer contributes; grandfathered plans may still increase their total premium amount without losing grandfathered status.

Source: HealthCare.gov