**WHAT THE LAW REQUIRES**

Grandfathered health plans are exempt from some, but not all, provisions of the Affordable Care Act (ACA).

A grandfathered health plan is a plan or policy that was in place on March 23, 2010 — the date the law was enacted. As long as the plan or policy has continuously covered at least one person (regardless of whether it is the same person) since March 23, 2010, it is eligible to be a grandfathered plan.

Certain things may trigger a plan or policy to lose its grandfathered status — for example, changes that decrease the benefits or coverage, beyond a certain amount. Other types of changes — such as adding a family member to a plan or policy — will not affect grandfathered status. In general, the law also allows grandfathered plans to make changes necessary to comply with state or federal laws, or to enhance or make minor changes to benefits without losing their grandfathered status.

A non-grandfathered plan or policy is one that was put into place after March 23, 2010, or one that has lost its grandfathered status. Plans that significantly reduce benefits or increase the members’ out-of-pocket costs beyond limits set by the law will lose their grandfathered status. However, the law does allow a person with an individual policy 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, 2010.

**Grandmothered Plans — Transitional Policy for Non-Grandfathered Plans**

Under the law, non-grandfathered, non-compliant plans were to have been discontinued in 2014. But in November 2013, the Obama administration issued a transitional policy for non-grandfathered small group and individual plans. If allowed by their states, insurers can renew these plans or policies — referred to as grandmothered plans — for current enrollees without adopting all of the 2014 ACA requirements.

On March 4, 2014, the Obama administration extended this transitional policy an additional two years, to policy years renewing on or before October 1, 2016. On April 14, 2014, the South Carolina Department of Insurance issued a bulletin allowing insurers to renew non-grandfathered coverage under this extended transitional policy. This applies to any individual and small policy or plan that had an effective date on or before December 31, 2013, with October 1, 2016, being the last date these plans may be renewed. It does not apply to any policy or plan that has been canceled, terminated, amended, converted or otherwise superseded by a 2014-compliant plan.
Who does it impact?

Grandfathering rules impact both individuals and employer groups; however, the exact provisions that apply to grandfathered versus non-grandfathered (or grandmothered) plans may vary by market segment (individual, small group or large group).

When does it take effect?

March 23, 2010, is the date that determines a plan or policy’s initial grandfathered status. Keep in mind that a plan that was grandfathered as of this date could still lose its grandfathered status after that date if certain changes are made to the plan. Specific provisions of the law, which may or may not apply to a plan based on its grandfathered status, take effect at different times.

The transitional policy extension applies to non-grandfathered coverage in the small group and individual markets with an effective date of coverage on or before December 30, 2013, with October 1, 2016, being the last date the plans may be renewed.

For more information

To learn more about grandfathering, including regulations and guidance, fact sheets and FAQs, letters and news releases, and other resources, go here:


To learn more about the transitional policy for non-grandfathered coverage, go here:

http://doi.sc.gov/DocumentCenter/View/7522

IMPORTANT NOTICE

This communication is provided for informational purposes only and does not constitute legal advice or legal opinions. The information contained herein contains summaries of various portions of legislation addressing health care reform legislation and is subject to change without notice. This information is not a substitute for legal advice from your lawyers.