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Grandfathered Plans: Can You Keep Your Current Insurance Plan?



Insurance cancellations and the president's response

Over the past several months, many people have received cancellation notices from their health insurance carriers, often accompanied by the explanation that their current insurance plan doesn't meet the minimum requirements of the Affordable Care Act (ACA) scheduled to take effect January 1, 2014. In many instances, insurers are offering to replace the cancelled insurance plan with more expensive coverage that presumably offers more benefits.

The president, in response to growing numbers of consumers whose policies have been cancelled, announced that insurers could (though they need not) elect to allow consumers to keep noncompliant policies through 2014. On November 14, 2013, in a letter to state insurance commissioners, the Centers for Medicare & Medicaid Services (CMS) outlined the conditions insurers must meet in order to continue offering noncompliant policies. The letter is available on the CMS website, www.cms.gov.

Grandfathered health insurance plans

The ACA includes provisions that allow consumers to keep their current health insurance. The ACA provides that policies in place on March 23, 2010 (the date of enactment of the ACA) that have not been materially changed, and that meet certain minimum coverage and other requirements of the ACA, may be "grandfathered" even though they do not meet all of the ACA's requirements for health plans. But it is important to note that the ACA does not require that insurers continue to offer grandfathered plans; insurance companies can stop offering these plans at their discretion.

According to the government health-care site, www.healthcare.gov, there are two types of grandfathered plans: job-based grandfathered plans, which allow for enrollment after March 23, 2010, and individual grandfathered plans, which can't have new enrollees after March 23, 2010 (insurers can continue to offer grandfathered plans to individuals who were enrolled on March 23, 2010).

A grandfathered plan can lose its status if it makes significant changes, such as significantly reducing benefits, decreasing the annual dollar limit of coverage, or increasing out-of-pocket spending above what it was on March 23, 2010.

So can I keep my current insurance plan?

The provisions of the ACA allowing for grandfathered plans provide the basis for the premise that consumers can keep their current health insurance if they like it. Yet, as we have seen, insurers can choose to cancel noncompliant plans even if they are grandfathered. So if you like your current insurance plan, but it doesn't meet all of the requirements of the ACA, the bottom line is this:

If your plan is grandfathered, you can keep it--unless your insurer decides to cancel it, which it can do

If your plan isn't grandfathered, you still may be able to keep it, at least through 2014--unless your insurer chooses to cancel it

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