



Dear Group Administrator:

The Patient Protection and Affordable Care Act (PPACA), also known as the federal health reform law, was enacted on March 23, 2010. This law established new benefits that increase the coverage under many health plans. This law also creates the option for Companies to elect “grandfathered status” for their qualified health plan(s), and be exempted from some provisions under the law.

Your health plan(s) will renew in the coming months. As part of that renewal, you will have to determine whether you wish to elect this grandfathered status for any of the health plans you offer to your employees.

This letter will review some of the requirements for grandfathered plans. A “Notice of Intent” to elect grandfathered status is included. If you wish to elect grandfathered status for any of your plans, you must return this Notice of Intent by submitting the form via the Broker Express/Quote to Bill upload along with other group paperwork, where applicable. If the renewal paperwork has already been uploaded and the renewal process completed, the NOI can still be uploaded using the same process up to 30 days after the renewal effective date. Should you experience any issues with the upload, please contact the CareFirst Help Desk at 877-526-8390.

### **Grandfathering**

The PPACA provides that certain plans can qualify as “grandfathered plans” and be exempt from some requirements that would otherwise apply under the law.

To be eligible for grandfathered status, your plan must:

- Have been in effect on or before March 23, 2010.
- Have maintained continuous enrollment since then.
- Not have undergone any changes that would disqualify the plan.
- Provide certain disclosures to plan participants as required by federal law.

According to the PPACA any of the following changes will end the grandfathered status of a health plan:

1. Elimination of a benefit;
2. Increase in a percentage cost-sharing requirement;

3. Any increase in a fixed-amount copayment, if the total increase in the copayment measured from March 23, 2010 exceeds the greater of:
  - a. An amount equal to \$5 increased by medical inflation; or
  - b. Medical inflation, expressed as a percentage, plus 15 percentage points, determined by expressing the increase in the copayment as a percentage;
4. Any increase in a fixed-amount cost-sharing requirement other than a copayment (such as a deductible or out-of-pocket limit), if the total percentage increase in the cost-sharing requirement measured from March 23, 2010 exceeds the medical inflation percentage increase, plus 15 percentage points;
5. For group health plans, if the employer decreases its contribution rate, based on the cost of coverage, towards the cost of any tier of coverage by more than 5% below the contribution rate for the coverage period that ended March 23, 2010;
6. For group health plans, if the employer decreases its contribution rate, based on a formula, toward the cost of any tier of coverage by more than 5% below the contribution rate for the coverage period that ended March 23, 2010;
7. Any addition of an annual limit on all benefits, if the annual limit or lifetime limit on all benefits did not exist on March 23, 2010;
8. For any health plan that imposed a lifetime limit on all benefits, but no annual limit on all benefits on March 23, 2010, any adoption of an overall annual limit on all benefits at a dollar value that is lower than the dollar value of the lifetime limit on all benefits on March 23, 2010; or
9. Any decrease in an annual limit for all benefits.

The foregoing list is not intended to constitute legal advice, and the effect of plan changes on the grandfathered status of a plan is subject to further definition or interpretation by federal regulatory authorities.

Groups that wish to maintain the grandfathered status of a plan will have the responsibility of maintaining additional federally-required documents for inspection by members, and by state and federal officials, including:

- Plan documents showing coverage and enrollment prior to March 23, 2010, and continuously since then, including insurance policies, certificates, or contracts.
- Summary Plan Descriptions for all plan years beginning with the plan that was effective on March 23, 2010.
- Evidence of premiums.
- Evidence of employer and employee contributions.

You may find more precise detail within the federal regulations for the Patient Protection and Affordable Care Act itself, or at <http://www.healthcare.gov/> that may assist you in your decision and responsibilities.

### **Contribution Levels**

According to Department of Labor guidance on PPACA, we are required to obtain documentation of your contribution levels if you have chosen grandfathered status. Please review and complete that portion of the table.

## **Important Information Regarding Your Decisions**

The grandfather provisions of the federal health care reform law are very detailed. CareFirst is not making a recommendation regarding grandfathered status, nor does this document constitute legal advice. The decision, and the responsibility for maintaining the status of your plan, belongs to your Company. We recommend that you consult with legal and financial advisors as you make a decision about maintaining the grandfathered status of your plan.

*CareFirst will not treat your plan as a grandfathered plan unless you complete and return the attached Notice of Intent to us. In addition, if you select benefit changes or have made benefit changes that cause a loss of grandfathered status as noted in this letter, then grandfathered status will be lost regardless of your designated intention to remain grandfathered in the attached Notice of Intent.*

If you have any questions, they may be directed to your broker or your CareFirst sales representative.

**NOTICE OF INTENT TO MAINTAIN GRANDFATHERED STATUS OF A HEALTH PLAN**

Company Name ("the Company"):	
Group Number(s):	
Address:	
City, State, Zip:	
Benefit Period Effective Date:	

The undersigned representative of the Company hereby notifies CareFirst BlueCross BlueShield and/or CareFirst BlueChoice, Inc., ("the Carrier") of their intention to maintain the grandfathered status of the health plan(s) named below. Further, the undersigned representative of the Company hereby notifies the Carrier of their intention regarding the benefit provisions named below:

<b>Your CareFirst Participating Health Plan Name(s):</b>					
<b>Grandfathering</b>					
Intention to Grandfather	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Contribution Levels – Complete this section only IF GRANDFATHERED</b>					
<b>Using the blank lines that follow the examples, list Employer Contribution Level(s) by Plan and Employee Grouping(s) on March 23, 2010, and Current Plan Year (include employee grouping in rows and % in columns) only if your Company has chosen grandfathered status.</b>					
<b>EXAMPLES:</b>					
Exempt on 3/23/10	85%	85%	N/A	85%	85%
Exempt for current plan year	82%	82%	N/A	82%	82%
Non-exempt on 3/23/10	80%	80%	N/A	80%	80%
Non-exempt for current plan year	79%	79%	N/A	79%	79%
Local 495 Workers on 3/23/10	N/A	N/A	75%	75%	75%
Local 495 for current plan year	N/A	N/A	76%	76%	76%

<b>Your CareFirst Participating Health Plan Name(s):</b>					

The Company understands that:

1. If the contribution rates reported on this form change at any time during the plan year, the Company must promptly notify the carrier of the change and provide the information required by this form.
2. The maintenance of this status is the Company's responsibility, including ensuring that:
  - appropriate documentation is retained,
  - employee cost-sharing meets regulatory requirements,
  - participants have been provided with all disclosures mandated by law relating to the grandfathered status of the plan, and
  - any benefits changes meet regulatory requirements for continued grandfather status.
3. The Carrier will not monitor compliance with any requirements for grandfathered status.

Company Representative Signature		Date:
Representative Printed Name		
Representative Title and Phone:		
Witness Signature		Date:
Witness Printed Name		