



SAMPLE ONLY – NOT FOR USE WITH GROUPS

December 6, 2011

[[Group Administrator Name  
Address Line 1  
Address Line 2  
City, State Zip Code]]

Dear [[Group Administrator Name]]:

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 Plan Sponsors 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 with your renewal package.

### **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.

### **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.

## **Benefit Options**

The PPACA does not require you to comply with certain requirements of the regulations if your plans(s) remain grandfathered. In that instance, the decision to make changes is left to you. If you have chosen grandfathered status, please confirm your intentions regarding the specific benefit options in the attached Notice of Intent. *This is not intended to replace the normal rate sheet process which will be handled in the usual manner if your choice results in benefit changes.*

## **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 Plan Sponsor. 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 with your renewal forms.*

If you have any questions they may be directed to me at [SAMPLE] or via e-mail at [SAMPLE – NOT FOR USE WITH GROUPS].

Sincerely yours,

[SAMPLE ONLY – NOT FOR DISTRIBUTION TO GROUPS]



**NOTICE OF INTENT TO MAINTAIN GRANDFATHERED STATUS OF A HEALTH PLAN  
AND PPACA BENEFIT SELECTIONS**

Plan Sponsor Name: SAMPLE ONLY – NOT FOR USE WITH GROUPS

Address: SAMPLE

City, State, Zip: SAMPLE

Benefit Period Effective Date: \_\_\_\_\_

The undersigned representative of the Plan Sponsor 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 Plan Sponsor hereby notifies the Carrier of their intention regarding the benefit provisions named below:

<b>Your CareFirst Participating Health Plan Name(s):</b>		N/A	N/A	N/A	N/A
<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 Plan Sponsor 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%

<b>Your CareFirst Participating Health Plan Name(s):</b>		N/A	N/A	N/A	N/A
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>Benefit Options – IF you have chosen grandfathered status, INDICATE YOUR BENEFIT DECISIONS BELOW:</b>					
Intention to provide preventive coverage without cost sharing when provided by in-network providers.	<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
Intention to accept uniform cost-sharing for out-of-network and in-network emergency services.	<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>NOTE: Regardless of your intent to be grandfathered, PPACA indicates that your plan must still comply with the following provisions. Please indicate your intent to comply.</b>					
Intention to remove annual and lifetime limits.	<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
Intention to cover adult children up to age 26.	<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
Intention to prohibit denial of coverage to enrollees under the age of 19.	<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

The Plan Sponsor understands that:

1. If the contribution rates reported on this form change at any time during the plan year, the Plan Sponsor must promptly notify the carrier of the change and provide the information required by this form.
2. The maintenance of this status is the Plan Sponsor'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.

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Plan Sponsor Representative

Date

SAMPLE

Representative Title and Phone

SAMPLE

Witness

Date