



INSURANCE NEWS

PPACA: Republicans Aim to Unleash the Grandfathers

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WASHINGTON BUREAU -- House Republicans plan to craft a bill that could loosen the current rules governing when an existing health plan can keep grandfathered status.

House Majority Leader Eric Cantor, R-Va., described the strategy earlier this week in a "Top 10 Jobs-Destroying Regulations" posted on his blog.

President Obama promised while campaigning for a health reform bill that, "If you like your plan, you'll get to keep it." Drafters of the Patient Protection and Affordable Care Act of 2010 (PPACA) added the grandfathering provision to PPACA to help Obama make the case that he had kept his word.

PPACA grandfathering rules protect plans that existed before PPACA took effect from having to comply with some PPACA benefits mandates, such as the new minimum medical loss ratio requirements and requirements that plans offer certain preventive services, such as checkups and mammograms, without having the patients pay any deductibles, co-payments or other fees.

Employers can make some changes to plans, and even change insurers, and still keep grandfathered plan status.

But the U.S. Department of Health and Human Services (HHS) has said in interim final regulations that employers could lose grandfathered status if, for example, they take steps such as increasing co-payment levels or increasing the percentage of the premium paid by enrollees by more than 5 percentage points.

Cantor says three House committees -- the Energy and Commerce, Ways and Means, and Education and Workforce committees -- "will soon be working on legislation to repeal these 'ObamaCare' restrictions."

The committees are doing so because "the Obama administration has been issuing further restrictions against those previously protected plans," Cantor says.

If the current grandfathering rules are not repealed, the percentage of plans losing grandfathered status in the near future could be 49% to 80% for small employer plans, 34% to 64% for large employer plans, and 40% to 67% for individual insurance plans, Cantor says.

"Employers losing their grandfathered status will face steep penalties, increasing their costs and negatively affecting wages and job growth," Cantor says.

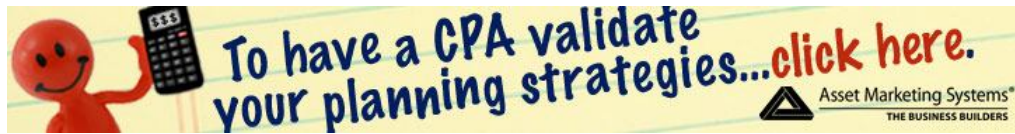
Any Republican efforts to change the grandfathering rules appear to face high hurdles.

President Obama is likely to veto any Republican grandfathering rule bill, and a grandfathering rule measure introduced by Sen. Mike Enzi, R-Wyo., was defeated in

the Senate.

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