

# Annual and lifetime limits

## Questions and Answers About Health Reform

July 2010

### Lifetime Limits

*When does the prohibition on lifetime maximums go into effect? Do lifetime maximums apply to grandfathered plans or only to new plans?*

- Lifetime limits on the dollar value of benefits are prohibited for plan years beginning September 23, 2010. This applies to all plans — both new and grandfathered.
- Plans may apply lifetime per-beneficiary limits on any non-essential health benefits.
- Benefits may be entirely excluded for a condition without being subject to lifetime limit rules.

*What happens to people who have reached a lifetime limit?*

- The regulations create special enrollment or reinstatement rights for people who have reached a lifetime limit.
- People whose coverage or benefits ended due to application of a lifetime limit must be identified and notified in writing of their right to reenroll or be reinstated.
- People must be offered a 30-day special enrollment period. Coverage, if elected, must be effective on the first day of the first plan year after September 23, 2010.
- The notice may be included with other enrollment materials if it is prominent.
- Special enrollees must be offered all benefit packages available to similarly situated people, without higher premium or cost share.

### Annual Limits

*When does the prohibition on annual limits go into effect? Do the annual limit rules apply to grandfathered plans?*

- For plan years beginning January 1, 2014, plans (excluding grandfathered individual plans) will be prohibited from placing annual limits on the dollar value of essential health benefits.
- Grandfathered individual plans may keep annual limits in effect as of March 23, 2010.
- Day, visit and frequency limits are not subject to the annual limit rules.
- Plans may have per-beneficiary annual limits on any non-essential health benefits.
- Benefits may be entirely excluded for a condition without being subject to annual limit rules.
- To provide a transition period, the regulations establish restricted annual limits which increase until they are eliminated completely in 2014. This table identifies the minimum restricted annual limits allowed for plan years beginning on or after the dates shown:

<u>Plan Year</u>	<u>Minimum Annual Limit</u>
<u>9/23/10</u>	<u>\$750,000</u>
<u>9/23/11</u>	<u>\$1,250,000</u>
<u>9/23/12</u>	<u>\$2,000,000</u>

*Can plans seek a waiver from the restricted annual limit requirements?*

- The regulations authorize the Secretary of Health and Human Services to establish a program for plans to obtain waivers from the restricted annual limits if compliance with the limits would result in a significant decrease in access to benefits or increase in premiums. Guidance about the criteria for obtaining a waiver is expected in the near future.

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### Essential Health Benefits

*What is an essential versus a non-essential health benefit? Are chiropractic and mental health services considered essential health benefits?*

- The Secretary has not yet issued regulations defining what qualifies as an essential health benefit. Until then, good faith compliance with a reasonable and consistent interpretation will apply.
- Subject to clarification by the regulations, essential health benefits are to include at least the following: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance abuse services; prescription

drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services (including oral and vision care).

- The regulations will hopefully clarify whether chiropractic and mental health services are considered essential or non-essential health benefits, as well as other questions such as whether a generic-only drug benefit meets the essential health benefit requirement.

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