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Group Health Plans and Health Insurance Coverage Rules Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Affordable Care Act

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Group Health Plans and Health Insurance Coverage: Interim Final Rules for Relating to Status as a Grandfathered Health Plan under the Patient Protection and Affordable Care Act

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General Comment

The Independent Bankers of Colorado is a small 501(c)(6) trade association comprised of local community bank members in Colorado (IBC). The Independent Bankers of Colorado Education Foundation is a small 501(c)(3) education foundation (IBCEF). Together, the IBC and IBCEF have three (3) employees. Especially in light of the devastating impact the Interim Final Rules regarding grandfathered health plans under the Patient Protection and Affordable Care Act (Act) would have on our non-profit entities, we appreciate this opportunity to comment.

For several years, we have struggled with our ability to obtain good, affordable health insurance coverage. We lack the economic clout of larger enterprises and find ourselves captive to a small number of private health insurance providers. We are repeatedly forced, year after year, into plans offering less and less coverage for our employees. We do not have the resources or ability to self-insure as a means to control our health insurance costs and benefits.

We believe we will benefit from the expanded options for health insurance under the Act that will

be available beginning in 2014 through the "exchange" that will allow "pooling", which is not currently available. However, because the benefits of the exchange will not be realized until 2014, we will continue to experience annual cost increases and lack of control over actual coverage until 2014. As such, the grandfathering of their existing coverage is extremely important, especially prior to the establishment of a working exchange system.

We are greatly concerned that the grandfather provisions outlined in the Interim Final Rules are too restrictive and will cause us to lose the grandfathering we need. If forced to consider options of a non-grandfathered plan before we have the benefit of an exchange, we are concerned we will be priced out of the market and may even have to drop coverage—something we do not want to do. This would be an enormously bizarre result given the intent of health care reform.

Although there are subsidies available for small employers to help offset the costs of providing insurance, these credits are very limited. The credits are also phased out for employers with even modest-sized compensation packages. Because we are at the mercy of health insurance plans sold by private carriers and have little control over copays and cost sharing, even simple changes to plans beyond our control can cause our plan to lose grandfather status. Since the exchange is not currently in place, we anticipate that the prospect of finding new affordable insurance that meets the new requirements of the Act is problematic at best. We are concerned that Interim Final Rules as currently drafted may force us to make the difficult and undesirable choice of canceling health care coverage if grandfather status is revoked, especially before the exchange is in place.

We suggest for the transition period before the exchange is established, that small and medium sized employers be allowed to make cost saving changes to copayments and cost sharing provided they do not materially reduce the per-employee amount they pay for insurance. This could help organizations like ours adjust and preserve coverage in anticipation of greater reform and options that will occur beginning in 2014. We also suggest that small and medium sized employers be allowed to change insurance carriers prior to 2014 and have their plans treated as grandfathered plans provided that they do not materially reduce the per-employee amount they pay for insurance. This would allow us to maintain an adequate level of coverage for our employees, while being able to reap the benefit of a less expensive plan prior to the implementation of the exchange.

Thank you for this opportunity to express our views on this important issue.