SEP 9 2010

REG-118412-10

LEGAL PROCESSING DIVISION
PUBLICATION & REGULATIONS
BRANCH

PUBLIC SUBMISSION

As of: September 09, 2010
Received: August 16, 2010
Status: Posted
Posted: September 09, 2010
Tracking No. 80b325f6
Comments Due: August 16, 2010
Submission Type: Web

Docket: IRS-2010-0010
Group Health Plans and Health Insurance Coverage Rules Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Afforable Care Act

Comment On: IRS-2010-0010-0001
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

Document: IRS-2010-0010-0935
Comment on FR Doc # 2010-14488

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Government Agency Type: Federal
Government Agency: HHS

General Comment

Please see attached file

Attachments

IRS-2010-0010-0935.1: Comment on FR Doc # 2010-14488

TO: **Department of Health and Human Services**

FROM: **Malcolm Cutler Jr.**
Cutler Insurance Services

DATE: **August 17, 2010**

VIA WEB: **http://www. Regulations.gov**

Grandfathered Health Insurance Plans: Changing Insurance Carriers and Losing Grandfather Status

Some time last year the statement from President Barak Obama was **"If you like your current health insurance, you can keep it"** as he was making his case for health care reform. On June 17 2010, the Interim Final Rules for Group Health Plans and Health Insurance Relating to Status as a Grandfathered Health Plan were published with Public Comment allowed for 60 days – until today August 16, 2010. Our initial review of the Interim Final Rules indicated that one of the Interim Final Rules, as proposed, losing grandfathering by changing insurance carriers, is a no win proposition for employers:

-Employers that seek a change in insurance carriers to save costs and preserve benefits lose their grandfathered status and incur the costs of government mandates.

-Employers who stay with their insurance carrier to save their grandfathered plan pay higher costs than the competitive market place could offer by changing carriers.

We communicated this very negative result to our clients, and how we hoped that, with implementation of the Affordable Care Act, the Act would not preclude competitive bidding to save costs and benefits. Since today is the close of comment on the Interim Final Rule on losing grandfathering for changing insurance carriers, we would like to pose this question: Should an Employer lose Grandfathered Status simply by changing insurance carriers?

To make the case we would like HHS (or the appropriate government agency) to review the following client renewal and insurance carrier change.

We have a client that pays 50% of the employee cost for health insurance for their employees. In June, the client received a 21% increase in rates from their insurance carrier, effective August 1, 2010. With such a large increase, we did the usual market survey for alternative plans, and in this particular case, we decided that since employees would have to change insurance carriers and perhaps doctors, we would try to actually increase the benefits to have the employees more comfortable in making the change.

When we got done with our market search, we changed insurance carriers, increased the benefits for all employees, as discussed, AND all employees received a 30% *decrease from their renewal costs and a* 12% reduction in costs they paid for the prior year – A win win option for the employees and their employer. The question that we are asking was the loss of grandfathering really intended to discourage such a changes? We hope not.

As we completed our analysis for this employer, we realized that for the past 25 years, through the insurance market place, we have been changing carriers and designing benefits that has allowed us to say to our employer clients and their employees **"If you like your current insurance, you can keep it,"** because we will work to keep your benefits rich and costs contained through the competitive independent insurance market place.

We have no problems with the relative changes in cost sharing, deductibles, and cuts in benefits that forfeit grandfathering, but to close out the competitive market place is a mistake and we hope our client example indicates how big a mistake it is.