

HHS changes annual limit waiver procedure for mini-med plans

By Brian M. Pinheiro

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On June 17, the U.S. Department of Health and Human Services announced new procedures for health plans with limited benefits (including so-called “mini-med” plans) to obtain temporary waivers of the restrictions on annual dollar limits that were imposed by the Patient Protection and Affordable Care Act.

Employers may adopt mini-med and similar health plans to provide limited health insurance coverage (e.g., health benefits capped at \$20,000 per year) to a segment of employees that otherwise would not have access to the employer’s standard health coverage.

Under the new procedures, previously granted waivers for mini-med and similar health plans are extended through 2013 if the applicants report certain information about their plans to HHS on an annual basis and disclose additional information to enrollees about the limits of their plans’ coverage. Recipients of existing waivers must apply to HHS to extend their waivers by September 22, 2011. Any plans that have not yet applied for waivers must also apply by September 22, 2011.

The Affordable Care Act generally prohibits group health plans from imposing lifetime and annual dollar limits on certain benefits, beginning with the first plan year that starts on or after September 23, 2010. The Affordable Care Act allows annual limits to be phased out gradually through 2014, with minimum annual limits of \$750,000, \$1.25 million, and \$2 million for the 2011, 2012, and 2013 plan years, respectively.

As part of the transition process, HHS established in September 2010 a temporary program (for years prior to 2014) to permit individual mini-med and similar health plans to apply for a waiver of the restricted annual dollar limit if the plan could demonstrate that compliance with the annual dollar limit rules would result in either a significant decrease in access to benefits or a significant increase in premiums for the plan or policy. Under the original waiver program, the applicant needed to reapply for the waiver each year. The new procedures eliminate the annual reapplication process, but require applicants to take action by September 22, 2011, and satisfy certain additional requirements.

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