

BENEFITS ALERT

Rose & Kiernan, Inc.

June, 2011



Annual Limit Waiver Application Process to End on September 22, 2011

The Affordable Care Act prohibits health plans and health insurance issuers from imposing lifetime and annual limits on the dollar value of health benefits. Although lifetime limits are prohibited for all plans, annual limits are gradually phased out until 1/1/2014 when no annual limits are allowed. The minimum annual limit allowed for calendar year 2011 is \$750,000.

The Department of Health and Human Services (HHS) realized that even the gradual phase in of the elimination of annual limits would cause severe hardships for many plans and would force people to drop their coverage due to the increased cost. Therefore, on June 28, 2010, an annual limit waiver process was put in place to allow plans to get a temporary reprieve until 1/1/2014.

HHS announced that as of September 22, 2011 no new applications will be accepted for annual limit waivers. Any request for a new waiver has to be for a plan that was in place or offered prior to September 23, 2010.

Existing plans who have received a waiver will need to apply for an extension of their waiver by completing a waiver extension form. Once the extension is approved, plans will no longer have to file for an extension but instead will have to submit an annual informational filing with HHS. Applications for Waiver Extensions will be accepted beginning June 24, 2011 with a deadline for receipt of that application by September 22, 2011

The Annual Limit Waiver Extension form is on the Center for Consumer Information and Insurance Oversight (CCIIO) website.

Plans are also required to issue a more stringent annual notice to participants that a waiver has been granted and that the plan does not meet annual limit minimums. A model notice is posted on the HHS website.



This Summary is provided to you for general information purposes only and does not include references to other legal resources (e.g., supporting regulations, or formal or informal opinions) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plan.

Updated: June 28, 2011