



Facts about the Affordable Care Act and Discontinued Health Insurance Plans

Some Michigan residents have recently been notified that their current health insurance plan will no longer be offered in 2014 and they will need to choose another option to remain insured.

Why is this happening now?

- Provisions in the ACA require all individual and small group health plans that begin on or after January 1, 2014, to contain a minimum of 10 essential health benefits (EHBs), or basic minimum standards.
- Under provisions in the ACA, all current plans (excluding “grandfathered” plans) that do not meet the minimum standards under the law will be discontinued on their expiration date or on December 31, 2013, if no expiration date exists.
- Insurance companies had the choice to alter current insurance plans (excluding “grandfathered” plans) so that they contained all 10 EHBs or discontinue those products and create new plans that met all the ACA requirements.

What protections do Consumers have?

- Insurance companies are required to provide notice to policyholders 90 days before a plan will be discontinued.
- Along with a notification, the insurance company must offer the option to buy another plan it offers in the individual market.

What are “Grandfathered” plans?

- Grandfathered plans are defined as those that were in existence on March 23, 2010 and haven’t been changed in ways that substantially cut benefits or increase costs for consumers.
 - Grandfathered plans are exempted from many of the requirements of the ACA.
 - An insurer is required to notify a consumer if they have a plan that is grandfathered. If a consumer has not received notification that their plan complies with these requirements, then it is not considered a grandfathered plan.
 - An insurer can decide to stop offering a grandfathered plan at any time as long as they provide the consumer with 90 days’ notice.

What options are available for consumers?

- Insurers are required to make consumers aware of the other options they provide. Numerous options are available and consumers are encouraged to shop around for the best price and most suitable coverage before making a decision.
- Health insurance plans are available for purchase directly from an insurer or agent or through the Health Insurance Marketplace, Healthcare.gov. Only plans purchased on the Marketplace will be eligible for a federal tax credit.

The individual mandate provision in the ACA requires that all residents must have health insurance by March 31, 2014, or face a penalty. The purchase of a plan on the Federal Health Insurance Marketplace must be completed by December 15, 2013, to be effective on Jan. 1st.