



Federal Health Care Reform Compliance

Instructions for Notice on Unlimited Lifetime Benefits

Client Bulletin Provided by HUB International

September 7, 2010

Employers are required to provide a notice to each person who *may* have been denied eligibility/coverage or benefits due to having reached a lifetime limit on plan benefits. (This is not the only notice required by federal health reform; enrollment materials must contain certain language. Also, an “age 26” notice should be sent to all employees with this notice.) Any plan with a lifetime dollar limit must provide the notice. A plan that previously had a limited lifetime benefit is advised to send the notice, too, especially if the plan has only recently removed such a limit. (There is no timeframe specified in the law on that issue, and the more conservative approach of sending the notice in any event will protect the plan sponsor / employer more completely.)

Following is a sample notice for employers to use for this purpose. **Note:** The federal agencies have provided a brief paragraph as model language on this issue, but our notice should be used instead and included with enrollment packet materials as well. It is a much more complete explanation of the new law and provides greater protection to the plan sponsor / employer.

The notice should be **from** the Benefits or Human Resources Director at the client’s office. Similarly, the last paragraph should indicate the name and contact information for the person who can provide the enrollment form (and more information). He or she usually will be the same person sending the notice unless the insurance carrier or administrator has agreed to provide the form and respond to requests for information.

The first paragraph should state the formal name of the plan in the blank provided.

The new health reform rule eliminating these dollar limits is effective the first plan year on or after October 1, 2010. For an October 1 plan year, the law is effective October 1, 2010. For a January 1 plan year, the law is effective January 1, 2011. For a July 1 plan year, the law is effective July 1, 2011, and so on. **The effective date for this specific plan should be inserted in the third paragraph of the notice.**

We recommend sending the attached notice to the home of each employee who is eligible for coverage under the plan. Keep a record indicating the notice was sent to the last known address of all of these persons. The notice also should be sent to each person on COBRA and each person in a 60-day COBRA election period, as well as to others covered by the plan (retirees, severed employees, QMCSO children, etc.).

The notice should be sent at least **30 days prior** to the effective date of this health reform rule. **The notice date at the top left blank should reflect a date at least 30 days prior to the date in the third paragraph of the notice.** (While it is technically permissible to send the notice on the date the rule becomes effective, a delay will create administrative challenges including retroactive coverage.)

Read/Important Notice - Health Plan Special Enrollment

To: Employees and Dependents
 From: _____
 Re: Group Health Plan Special Enrollment & No Lifetime Dollar Limits
 Date: _____, 201_

Under federal health care reform, the _____ (the Plan) must provide an unlimited dollar amount of lifetime medical benefits. We are providing this information to all employees and their family members to satisfy a federal notice requirement. Enrollment is available in the event you (or a dependent) was denied coverage, benefits, or continued eligibility due to expenses in excess of a prior lifetime dollar limit on plan benefits. Under federal law, it is your responsibility to share this notice with any dependents.

An individual who is *currently* enrolled in the plan (and otherwise covered) is once again eligible for Plan benefits -- regardless of the dollar value of benefits previously incurred under the Plan or a predecessor plan.

An individual who is *not currently* enrolled in the Plan or any benefit package under the Plan must properly enroll to be eligible for unlimited benefits. The Plan is offering a 30-day enrollment period, starting with the above date of this written notice. The Plan will allow enrollment by any person whose coverage or benefits ended by reason of reaching an overall lifetime dollar limit the Plan may have previously imposed. However, the individual must be eligible for coverage under this Plan as of _____, 201_. Any person enrolling in accordance with these rules will receive coverage effective on that date. You have 30 days to request enrollment, measured from the date of this notice. If you do not enroll during this 30-day period, you must wait until the next annual enrollment period (unless a life event allows you to enroll under general plan provisions).

If you or a dependent enroll under these rules, you will be a special enrollee. You can select among all benefit packages available to similarly situated individuals who did not lose coverage as a result of reaching a lifetime dollar limit on all Plan benefits. Coverage will be provided at the same cost as available to those other people. For determining available benefits, any difference in benefits or cost-sharing creates a separate benefit package.

Except as altered by this new law and as explained in this notice, the usual Plan provisions still apply regarding eligibility, enrollment, benefits, and other terms and conditions of coverage. For example, for your dependent to re-enroll in the Plan, you must enroll as well. Also, any person who does *not* meet the requirements of the new law will not have the right to enroll unless it is the Plan's annual enrollment period.

Please review this notice carefully, and complete the enrollment form completely if you believe enrollment is allowed. (The form is available from _____ at _____.) The information you provide is subject to verification, of course.