

TO: EHA Distribution List

RE: EHA and “Grandfathered” Status Under Health Reform

The Patient Protection and Affordable Care Act (PPACA) signed in to law on March 23, 2010 specifies that certain plans or coverage existing as of the date of enactment are only subject to certain provisions of PPACA. These plans or coverages are referred to as ‘grandfathered’ health plans. On June 14, the Department of Health and Human Services issued Interim Final Rules for Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Health Plan Under the PPACA. We have reviewed the status of EHA relative to these regulations and are reporting on the status in this communication.

The EHA Will Not be a Grandfathered Plan as of September 1, 2011

The EHA is going to a new contract with BCBS of Nebraska as of September 1, 2010. The regulations indicate that any such change in contract will mean the plan is no longer grandfathered as of the first plan year beginning after September 23, 2010. This date is September 1, 2011 for the EHA; the beginning of the 2011-12 plan year.

Effect of Non-Grandfathered Status

Plans that are not grandfathered will be subject to additional provisions and benefits associated with PPACA. Generally, the provisions of PPACA will be applicable to all plans whether grandfathered or not. One difference between grandfathered versus non-grandfathered plans will be the non-grandfathered plans will require more comprehensive benefits for preventive services and cover these services at 100% (i.e. no member out of pocket expense). The EHA intends to add these coverages as of September 1, 2011. The other differences between grandfathered and non-grandfathered appear to be of small impact to the EHA, according to our analysis to date on the emerging regulations.

Impact Now on EHA Participants

We have been contacted by several EHA participants indicating a concern about grandfathering and inquiring about the effect on grandfathered status of current negotiations and considered changes in benefits or contributions for the upcoming year; including the offering of the new dual option or low cost plans. Since the EHA under the regulations will no longer be grandfathered as of September 1, 2011 there will be no effect, relative to grandfathering, of any additional changes that are made in any EHA subgroup as of September 1, 2010. Whether such changes are made or not, the EHA will not be grandfathered as of September 1, 2011.

Follow-Up

We will keep you informed of future changes of significance relative to grandfathering. If you have questions please contact Kent Trelford-Thompson at 402-458 4810 or Kurt Genrich at 402-217-2042.

Thank you.

Craig Christiansen, Chairman EHA Board of Directors