

Affordable Care Act's Rules for Group Health Plans

Prohibition on Annual and Lifetime Limits

Lifetime dollar limits on essential health benefits are prohibited, effective for plan years beginning on or after September 23, 2010. Individuals who previously reached a lifetime limit under a group health plan and are otherwise still eligible for coverage must be notified that the lifetime limit no longer applies and they are provided a special enrollment opportunity.

Annual limits on the dollar value of benefits are classified as essential health benefits defined as ambulatory patient services, emergency services, hospitalization, maternity, newborn care, mental health and substance use disorder services including behavioral health treatment, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services, chronic disease management, pediatric services, including oral and vision care may not be less than the following amounts for plan years beginning before January 1, 2014 (the date after which all annual dollar limits on essential health benefits are prohibited):

- \$750,000 for plan years beginning on or after September 23, 2010,
- \$1.25 million for plan years beginning on or after September 23, 2011, and
- \$2 million for plan years beginning on or after September 23, 2012.

The regulations create a process to waive the annual limit requirements for group health plans if compliance would result in a significant decrease in access to benefits under the plan or would significantly increase premiums for the plan. For plans to comply with the annual dollar limit thresholds, claim administrators should identify procedure codes applicable to the essential benefits and set up accumulation procedures for paid dollar amounts per covered individuals.

The annual dollar limits do not apply to health flexible spending arrangements, Medical Savings Accounts, Health Savings Accounts and Health Reimbursement Accounts.