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General Comment

On behalf of Ellwood Group, Inc., I appreciate the opportunity to submit the following comments on the Interim Final Rules for Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Health Plan under the Patient Protection and Affordable Care Act published in the Federal Register on June 17, 2010.

Our manufacturing economy, and our ability to create jobs, is significantly impacted by changes to the health care infrastructure. Ellwood provides health insurance for our employees and we are very concerned about what impact the Grandfather Rule will have on our ability to continue provide that coverage.

As currently drafted, we believe the Grandfather Rule is too restrictive and will result in a higher number of employer-based plans losing or forgoing their grandfather exemption. Such a dramatic decline in coverage will create unnecessary disruptions for both employees and employers.

Requested Comments

Changes to a Prescription Drug Formulary: Changes and innovations in treatment standards and technology require formularies to be updated continually to align with appropriate disease management. A static formulary would not allow employees to access the safest and most

effective therapies available to them. In addition an insurer changing a formulary for a fully insured employer should not result in the loss of an employer's grandfather status. Formularies should be managed to provide the best quality of care and flexibility for employer options.

Changes in Plan Structure: As a company grows it often makes different health care choices for its employees. For example, a fully-insured company may decide they can manage the risk and the paperwork burden to become self-insured, or a self-insured company may decide it is more economical to be fully-insured. An employer should not be penalized for offering different and many times better options for their employees.

Changes in a network plan's provider network: The final rule needs to allow changes to provider networks on a regular basis, without impacting the grandfathered status of plans. There are many reasons plans need to alter their provider networks, such as expanding the network to provide greater access to services, contract arrangements between insurer and provider or to address other provider changes. Further, employers currently offering fully-insured plans should not be penalized for changes made by the insurer to their plan. It would be fundamentally unfair to take away a business' access to a plan due to some action beyond the employer's control. Basic modifications to a plan to adjust for technology or doctors who may not longer be affiliated with a network should not disqualify a plan from being grandfathered.

Other substantial changes to benefit design: It is difficult to determine what technologies of benefit vehicles will be available in the future. Employers should be allowed to provide as many options as is possible for their employees, so they may chose the best plan for their family. Limiting changes to benefit design create a stagnant market devoid of competition and innovation. Increased competition will lower healthcare costs, and a flat market is not competitive.

Conclusion

Ellwood Group, Inc. appreciates the opportunity to submit these comments and hopes our concerns with the substance of these proposed changes are considered. Flexibility will increase competition in the marketplace. Freezing the market will create a stagnant, uncompetitive and more expensive insurance market for those who choose to continue proving coverage for their employees.

It is important to enact these insurance reform changes with consideration of more balanced approaches that includes a strong employer role.