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Week Ending January 28, 2011

## Black, Gould & Associates, Inc. Healthcare Reform Questions & Answers

As you may have noticed, we are not receiving as many questions as we have in the past. Rather than sending just one or two questions each week, we are going to begin sending bi-weekly Q & A's. If a time sensitive topic arises, please be assured we will notify you immediately.

### Non Discrimination Testing

***Q - I have a group that is not grandfathered. They want to pro-rate premiums if the employee does not meet their 40 hours. (i.e., if they work 32 hours, they will pro-rate this at 80% paid by the employer. Can they do this?***

A - If the carrier will permit them to do this, it is allowed. The issue will be when performing the non-discrimination testing each different contribution level will be treated as a different plan, so if highly compensated employees always meet the 40 hours, and get full contribution, depending on how many non-highly compensated employees fall into that same category, the plan may be discriminating.

### Grandfathered Status

***Q - If a group has a \$2,400 deductible 100/50 HDHP, and a \$1,000 deductible 70/50 PPO, and they eliminate the HDHP, do they lose grandfathered status? The PPO benefits are technically better, but they violate the increased coinsurance.***

A - They will no longer be grandfathered because the copays increase by more than the allowed amount.

This information is not intended to be, nor should it be construed as legal or tax advice. We are not authorized nor do we purport to provide tax or legal advice and this should not be viewed as a substitute thereof. It is intended merely as an educational tool.

As always, feel free to contact me with any questions at [ruthann.laswick@blackgould.com](mailto:ruthann.laswick@blackgould.com).

Sincerely,

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