ANNUAL LIMITS

What are restricted annual limits and lifetime maximums under the PPACA?

Health care reform ends the lifetime limit on the cost of essential health benefits, known as the lifetime maximum limit. The law requires health plan's starting on or after September 23, 2010 to follow the rule. The lifetime maximum rule does not apply to grandfathered individual plans. The law also ends annual cost limits on the value of essential health benefits, known as annual dollar limits. Health care reform raises the annual dollar limit each year for all employer and new individual health insurance plans:

- Plans beginning September 23, 2010 have a limit of $750,000
- Plans starting September 23, 2011 have a limit of $1.25 million
- Plans effective on September 23, 2012 have a limit of $2 million

On January 1, 2014, the limits end for most health plans.

The PPACA does allow some limits. There can be a limit on the cost per visit per hour and on the number of visits over a period of days. For example, a person can be limited to three annual visits, but with no cost limits per visit. Additionally, insurance companies can still put limits on spending for services that are not considered essential health benefits.

Some people may no longer be on their employer's group health insurance plans because they are at the health plan's lifetime maximum limit. This may also be true of dependents. The PPACA allows these people to rejoin health plans during the open enrollment period on or after Sept. 23, 2010.

Guidance issued extending Annual Limits Waiver.

On June 17, 2011, the Centers for Medicare and Medicaid Services(CMS)issued guidance allowing health plans to extend their annual limits waiver approval through 2013.

The new guidance will help ensure that employers can continue to provide employees access to affordable health care coverage. The waiver extension request must be submitted by September 22, 2011, and "Annual Limit Updates" must be submitted by December 31, 2012 and December
31, 2013 to extend the waiver through 2013.

Any plan offered prior to September 23, 2010 that wants to keep annual limits but has never requested a waiver needs to do so by September 22, 2011.

The guidance also includes new disclosure requirements that require health plans with waivers to more clearly communicate the limits of the coverage to plan participants.

Will dental annual dollar maximums and orthodontic lifetime dollar maximums be removed from dental policies in 2014?

If a dental-only policy is separate from a medical health insurance plan, PPACA rules do not apply. If the dental plan is part of an employee medical plan and defined as an essential health benefit, but is not an excepted benefit under Health Insurance Portability and Accountability Act, known as the health insurance rule, PPACA rules may apply to dental insurance coverage.

Health insurance rules consider dental benefits as excepted benefits. When health plans have dental or vision benefits on a separate policy, certificate or contract the health insurance rule treats dental or vision benefits as excepted benefits. They would also treat dental benefits as excepted benefits if the coverage is not a key part of a group health plan. If employees can decline dental benefits when they enroll for medical coverage, or if they have to pay an additional monthly premium or contribution for those dental benefits, then the dental benefits are not considered a key part of those medical plans.

If dental benefits are not part of a medical plan, annual limits and lifetime maximum limits could apply.