



NATIONAL HEMOPHILIA FOUNDATION
for all bleeding and clotting disorders

Rules Regarding Lifetime and Annual Limits

Lifetime Limits

The Patient Protection and Affordable Care Act (PPACA) prohibits lifetime limits on the dollar value of health benefits for group health plans and health insurance issuers offering group or individual insurance coverage. The prohibition on lifetime limits applies to all plans, both new and grandfathered, for the plan years beginning on or after September 23, 2010.

The Interim Final Rules included provisions requiring plans to notify members that the lifetime limit no longer applies. For individuals who reached a lifetime limit and are no longer enrolled in the group plan but are once again eligible for coverage under the PPACA, the plan must provide an enrollment opportunity of at least 30 days to re-enroll. Individuals are eligible for the same coverage available to members who had not lost coverage. In the individual market, if a family member reached the lifetime limit under a family policy and the other family members remained in the plan, that individual could rejoin the plan. However, any individual who reached his lifetime limit and lost, dropped or did not renew that plan's coverage would have to purchase a new plan.

Annual Limits

Annual limits are prohibited for all new plans and grandfathered group plans beginning on or after January 1, 2014, under the PPACA. The Interim Final Rules clarifies that for plan years and individual policy years prior to January 1, 2014, annual limits will be restricted for "essential health benefits" based on the following calendar:

- For plan or policy years between September 23, 2010, and September 22, 2011, the annual limit on the dollar value of essential health benefits cannot be less than \$750,000.
- For plan or policy years between September 23, 2011, and September 22, 2012, the annual limit cannot be less than \$1.25 million
- For plan or policy years between September 23, 2012, and December 31, 2013, the annual limit cannot be less than \$2 million.

Plans may choose to have higher annual limits or impose no limits at all. Prior to January 1, 2014, the annual limits on "essential health benefits" can only be imposed on an individual basis. For example, if a covered member of a family plan reaches the annual limit threshold, it will not affect coverage for other family members. The restrictions on annual limits in effect between September 23, 2010, and January 1, 2014, apply to all new plans and grandfathered group plans. They do not apply to grandfathered plans in the individual market.

Further, the Interim Final Rules made clear that the restrictions on annual limits do not apply to account-based plans, such as health flexible spending accounts (FSAs), medical savings accounts (MSAs), health savings accounts (HSAs), or certain health reimbursement accounts (HRAs) because of other statutory provisions governing these benefits. The prohibition of annual and lifetime limits also do not prevent plans from imposing limits on nonessential health benefits, nor do they prevent a plan from excluding all benefits for a particular condition. However, if any benefits are provided for that condition, then the requirements will apply.

Essential Health Benefits

The PPACA authorizes the Secretary of the Department of Health and Human Services to define "essential health benefits." Specifically, section 1302(b) of the Act directs the Secretary to include at least the following general categories of benefits:

- ambulatory patient services
- emergency services
- hospitalization
- maternity and newborn care
- mental health and substance use disorder services, including behavioral health treatment
- prescription drugs
- rehabilitative and habilitative services and devices
- laboratory services
- preventive and wellness services and chronic disease management
- pediatric services, including oral and vision care

The Secretary has not issued any regulations clarifying "essential health benefits." However, in the introduction to the Interim Final Rules has advised plans to make a good faith effort to comply with reasonable interpretations of the term until such regulations are developed.