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Limited Medical Industry Facing Many Changes as Health Care Legislation Takes Effect; Fixed Indemnity Supplemental Benefit Plans Still Viable

Austin – September 23, 2010 – Employers utilizing limited medical plans (also known as [limited benefit plans](#) or mini-meds) are facing many changes, beginning as soon as today when grandfathered group health insurance plans begin to renew. [Fringe Benefit Group](#) is providing answers and resources about the [future of limited medical plans](#) for employers and the insurance advisors who serve them at www.frameworkhealthplan.com.

“The limited medical industry is undergoing massive change. Effective today, carriers will no longer be able to write new coinsurance based limited medical contracts. On renewals after today, some groups will be able to apply for waivers from the annual limits provisions, but there is a lot of uncertainty with regards to how the waiver process will work. Furthermore, companies who are actually granted a waiver will have to reapply upon renewal because the waiver is only good for one year,” said [John Conkling](#), vice president of national accounts for Fringe Benefit Group. “The good news is that because fixed indemnity supplemental benefit plans are not subject to the new regulations, they are still available to employers who want to offer employees a robust and affordable limited medical plan.”

Within the limited medical industry, there are two styles of limited medical benefit plans: coinsurance (sometimes referred to as co-pay based or expense incurred) and [indemnity-based](#) (sometimes called fixed indemnity supplemental benefit plans) insurance. Fixed indemnity style limited medical plans that do not issue creditable coverage letters or represent themselves as a “true group health insurance plan” are exempt from the new regulations because they are filed as supplemental and not subject to these new regulations, as opposed to the coinsurance-based limited medical plans, which are.

Health care legislation mandates that group health plans, even those which have been grandfathered, will have to meet new requirements, including no lifetime and annual limits, on or after September 23, 2010. The Department of Health and Human Services (HHS) recently released guidance that it may grant waivers on the annual limits language for certain limited medical plans. A carrier or a group will be able to apply to the government for an exception provided they can demonstrate that a significant number of people would go without coverage as a result of the new requirements. Plans will have to reapply for a waiver for any subsequent plan year prior to January 1, 2014 when this waiver expires in accordance with future guidance from HHS (and HHS may make further modifications to the waiver process).



“There is absolutely no reason for a company or person to go uninsured because of the volatility of the limited medical marketplace,” said [Brian Robertson](#), executive vice president of Fringe Benefit Group. “Employers and brokers should be questioning the waiver process. For example, what if no exceptions are granted? And how will carriers handle the minimum loss ratio requirements? With so many questions unanswered – and with no definite timeframe for understanding when they will be answered – employers and brokers should make plans now to switch to a fixed indemnity supplemental benefit plan. We are still writing new business and renewing our current clients without any caveats on the plans related to government legislation.”

[Framework Health Plans](#) are specifically designed for employers looking for a health plan that is affordable, flexible, and easily administered. Some of the fixed indemnity supplemental benefit plan’s attractive features include: guaranteed issue (employees and their eligible dependents will not be denied coverage during open enrollment periods), customized enrollment forms, flexible billing technology that corresponds with an employer’s existing payroll cycle, and experienced "live" customer service representatives. Information about Framework Health Plan and the latest news on the health care reform and its impact on the limited medical plan industry is available on the company’s Web site www.frameworkhealthplan.com.

About Fringe Benefit Group

Austin, Texas-based Fringe Benefit Group and its affiliate companies have helped employers design and administer a wide variety of benefit programs since 1983. For more information, visit www.frameworkhealthplan.com.

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