



Whether to Preserve “Grandfather” Status

The Patient Protection and Affordable Care Act (PPACA) legislation is very complex. Certain group health plans providing coverage on March 23, 2010 (the date health care reform was enacted) are "grandfathered plans," exempt from some, but not all, provisions of the PPACA until 2014.

One of the first decisions each employer who sponsors an employee benefit plan must make in response to PPACA deals with weighing the value compared to the cost of seeking status as a “grandfathered” plan. The correct decision could be very different for each employer. Employers should review their current benefit plan offerings to determine what’s best for their business.

Questions to ask include:

- How much is the renewal premium going up?
- Are employees happy with the current benefits and claims service of the present insurance carrier?
- How much are requirements that are not applicable to grandfathered plans going to add to the cost?
- How much extra documentation and paperwork will there be for an employer who decides to be grandfathered?
- What will the cost of those requirements be?

While grandfather status may have value, not being grandfathered may prove to be more valuable and cost less. This is a decision that individual employers must make with the advice of their tax advisor and/or employee benefit advisor.

It's Our Business to Protect Yours[®]



This publication is intended to provide general recommendations regarding risk prevention. It is not intended to include all steps or processes necessary to adequately protect you, your business, or your customers. You should always consult your personal attorney and insurance advisor for advice unique to you and your business. © 2010 Federated Mutual Insurance Company. All rights reserved.

Federated Mutual Insurance Company
Federated Service Insurance Company*
Federated Life Insurance Company
Home Office: 121 East Park Square • Owatonna, Minnesota 55060
Phone: (507) 455-5200 • www.federatedinsurance.com

*Federated Service Insurance Company is not licensed in the states of NH, NJ, RI, and VT.