

legislativeUPDATE

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Extended Compliance Date for New Appeal Procedures; FAQs Released

In a last minute announcement, federal regulators issued [guidance](#) on September 20th giving employers, plan sponsors, and health plans additional time to comply with the new appeal provisions embedded in the massive health insurance reform law. Through the new guidance from the Department of Health and Human Services, the Labor and Treasury Department, and the IRS, a six month enforcement grace period has been granted allowing non-grandfathered programs to be compliant by July 1, 2011.

Under the new guidance, the agencies will not take any enforcement action against a group health plan that is working in good faith to implement the additional standards with respect to internal claims and appeals but does not yet have them in place. Since the law took effect for non-grandfathered plans that renew on or after September 23, 2010, this new enforcement grace period gives plans that renew on January 1st the additional six months.

Newly released [FAQs](#) also clarify several issues on the minds of plan sponsors as they await final regulations expected to be published beginning next year. The FAQs note that the recent guidance on the external review process for self-insured plans provides a safe harbor, and that arrangements which do not strictly comply with all of those requirements may still satisfy the statute's review obligation (e.g., failure to contract with at least three independent review organizations (IROs) would not automatically result in a violation). Self-insured plans also do not have to contract directly with an IRO--the plan's TPA may do so, and IROs are not required to be in the same state as the plan.

The new claims and appeal rules are broad reaching in that they require accelerated resolution and new disclosure language. Due to the enormity of the changes, employees and plan sponsors have been forced to re-review their processes to ensure compliance. In many instances, employers have begun to consider outsourcing the decision making process entirely, including final decision making authority when their plans are self funded.

As additional information becomes available on this topic, Conner Strong will issue updates. Employers should check with their Human Resources office to ensure compliance with this unique aspect of the new law. For information related to national health insurance reform, please visit our compliance center on insurance reform at www.connerstrong.com/healthcare_reform. If you have questions, **please contact your Conner Strong account representative toll-free at 1-877-861-3220.**

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