# Existing Health Plans Must Meet Certain Requirements During 2010

**4/1/2010** By Bill Leonard

While most portions of the health care reform law will be implemented over the next four years, the new law includes several provisions set to be implemented in 2010 and will affect existing health care plans.

On Sept. 23, 2010, or six months after being signed by the president, the reform law will prohibit health plans from setting lifetime or annual caps on benefits, and health insurance plans will no longer be able to cancel coverage for plan participants who become ill. The law will allow for exceptions in the cancellation of coverage in cases of fraud or intentional misrepresentation of health conditions by plan participants.

Under the new law and effective on Sept. 23, health care plans cannot deny coverage to dependent children of plan participants because of pre-existing health conditions. The law also will allow children, who are not eligible for coverage under another employer's health plan, to remain on their parents' insurance plans until they reach the age of 26.

By the end of 2010, insurers will be required to report how the money collected for insurance premiums is spent. The report must include the proportion of premiums collected that is spent on clinical services, quality and other related health care costs. The amount spent by the plans will determine a medical/loss ratio. According to the law, large health plans (a group health plan for businesses with 101 or more employees) must maintain a medical/loss ratio of at least 85 percent, and the law requires an 80 percent medical/loss ratio for small plans (businesses with 100 or fewer employees).

In 2010, insurers must report the medical/loss ratios of the plans. Beginning in 2011, health plans that do not meet these medical/loss ratio standards will be required to pay premium rebates (on a prorated scale) to policyholders.

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