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On April 1, 2014, the President signed into law the Protecting Access to Medicare Act of 2014. The bulk of the provisions relate to Medicare; however, the law also contained a provision repealing the limitation on deductibles that applied to fully-insured small group plans under the Affordable Care Act (ACA).

BACKGROUND

Originally, PHSA section 2707(b) limited cost-sharing by imposing both an out-of-pocket maximum that applied to all group health plans (unless grandfathered) and a limit on annual deductibles for fully-insured small group plans for plan years beginning on or after January 1, 2014. Fully-insured small group plan deductibles were limited to \$2,000 for a plan covering a single individual, or \$4,000 for other coverage tiers. The proposed deductible limits for 2015 were \$2,150 for self-only coverage and \$4,300 for other than self-only coverage. However, the regulatory agencies recognized that it would be extremely difficult (if not impossible) for insurers to create a bronze-level plan (60% actuarial value) if they were limited to a \$2,000 deductible. Proposed regulations were subsequently released permitting a health plan's deductible to exceed the \$2,000 limit if the plan could not reasonably provide the actuarial value of a given level of coverage. In most cases, this change rendered the statutory limit meaningless.

DEDUCTIBLE LIMITS REPEALED

Group health plans (even fully-insured small groups) no longer need to worry about annual deductible limits,

however, all non-grandfathered group health plans will still be required to comply with cost-sharing requirements in regard to the out-of-pocket maximums for plan years beginning in 2014.

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