



## **Non-Discrimination Rules**

Under the Patient Protection and Affordable Care Act (PPACA), effective for plan years beginning September 23, 2010 or at the beginning of your next plan year, fully insured group plans must comply with non-discrimination rules and annual testing requirements that previously applied only to self-funded plans.

**The following conditions could cause fully insured plans to fail the non-discrimination tests:**

- Different waiting periods for different classes of employees
- Different contribution amounts for different classes of employees
- Different carve-outs and benefit plan options for management that are not available for other employees including PPO plans for management and HMO plans for different classes of employees

### **Impact on small and large-group employers**

The extension of the non-discrimination rules to fully insured health plans will require all small- and large-group employers to revisit:

- Employment agreements
- Offer letters
- Other arrangements providing management carve-outs
- Other extended health coverage for highly compensated employees.

Under PPACA, if a group health plan discriminates in favor of highly compensated individuals, it may face a penalty in the amount of \$100 per day per participant.

If your group follows any of the practices listed above, you may need to seek professional advice to determine how the law will apply to our specific situation. Your group is responsible for applying the nondiscrimination requirements to your plan options and paying the penalties that result from not meeting those requirements.

If you have any questions or would like more information please contact RGE B Employee Benefits at 818-444-7722. As always we are here to assist you with all your employee benefits.

The summary of these PPACA regulations, provided by RGE B Employee Benefits, is based on current legislation and is still subject to change. Please remember to seek professional employee law counsel prior to making any changes in your employee benefit plans.

RGE B Employee Benefits

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