

Health Insurance Market Reforms

The Affordable Care Act includes a number of provisions that reform the health insurance market. These reforms work to put American consumers back in charge of their health coverage and care, ensuring they receive value for their premium dollars. The law creates a more level playing field by cracking down on unreasonable health insurance premiums and holding insurance companies accountable for unjustified premium increases.

Annual Limits

Starting in 2014, the law bans annual dollar limits. This means plans cannot have annual dollar limits on coverage of essential benefits, such as hospital, physician and pharmacy benefits.

Coverage for Young Adults

Under the law, if a plan includes children, a parent can cover children on their health insurance plan until the child turns 26 years old.

Grandfathered Plans

Grandfathered health plans protect the ability of individuals and businesses to keep their current plan, while providing important consumer protections that give Americans control over their own health care.

Health Reimbursement Arrangements

Health reimbursement arrangements (HRAs) are a type of account-based health plan that employers can use to reimburse employees for their medical care expenses.

Market Rating Reforms

These requirements standardize how health insurance issuers can price products, bringing a new level of transparency and fairness to premium pricing.

Medical Loss Ratio

Medical loss ratio (MLR) is the proportion of premium revenues spent on clinical services and quality improvements. The law requires health insurance issuers to submit data on MLR and issue rebates to enrollees if this percentage does not meet minimum standards.

The Mental Health Parity and Addiction Equity Act (MHPAEA)

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) is a federal law that generally prevents group health plans and health insurance issuers that provide mental health or substance use disorder (MH/SUD) benefits from imposing less favorable benefit limitations on those benefits than on medical/surgical benefits.

Minimum Essential Coverage

Minimum essential coverage (MEC) is the level of coverage an individual needs to have to meet the individual responsibility requirement under the Affordable Care Act. This includes job-based coverage, individual market policies, Medicare, Medicaid, CHIP, TRICARE, and certain other coverage. Health plans not statutorily specified and not designated through regulation as MEC may apply to HHS to be recognized as MEC.

Patient's Bill of Rights

The Patient's Bill of Rights helps all Americans with pre-existing conditions gain and keep their coverage, protects all Americans' choice of doctors, ends lifetime limits on the care consumers may receive and includes other provisions.

Prevention

Prevention regulations require new health plans to cover certain evidence-based preventive services and eliminate cost sharing requirements for these services.

Review of Insurance Rates

Rate review is part of a series of reforms to improve insurer accountability and consumer transparency. Grants will be used to help states crack down on unreasonable health insurance premium hikes.

Student Health Plans

Student Health Plans are health insurance plans that are offered to students. These plans are often purchased when family coverage is not available. Some of these plans are comprehensive but other offer limited benefits.

Self-Funded, Non-Federal Governmental Plans

Prior to enactment of the Affordable Care Act, sponsors of self-funded, non-Federal governmental plans were permitted to elect to exempt those plans from, or "opt out of," certain provisions of the Public Health Service (PHS) Act. This election was authorized under section 2721(b)(2) of the PHS Act.

The Affordable Care Act made a number of changes, with the result that sponsors of self-funded, non-Federal governmental plans can no longer opt out of as many requirements of Title XXVII.

In order to ensure that all consumers receive protections of the Affordable Care Act, CMS is responsible for enforcing market reforms in states that are not enforcing them directly or have not entered into a collaborative arrangement with CMS on enforcement.

Additional Resources:

- [Regulations & Guidance](#)
- [Fact Sheets & FAQs](#)
- [Letters & News Releases](#)
- [Funding Opportunities](#)
- [Other Resources](#)

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