**Section 2001.6 No Lifetime or Annual Limits**

a) Prohibition

1) Lifetime Limits

Except as provided in subsection (b), a group health plan, or a health insurance issuer offering group or individual health insurance coverage, may not establish any lifetime limit on the dollar amount of benefits for any individual.

2) Annual Limits

A) General Rule

Except as provided in subsections (a)(2)(B), (b) and (d), a group health plan, or a health insurance issuer offering group or individual health insurance coverage, may not establish any annual limit on the dollar amount of benefits for any individual.

B) Exception for Health Flexible Spending Arrangements

A health flexible spending arrangement (as defined in section 106(c)(2) of the Internal Revenue Code (26 USC 106(c)(2)) is not subject to the requirement in subsection (a)(2)(A). (45 CFR 147.126)

b) Construction

1) Permissible Limits on Specific Covered Benefits

This Section does not prevent a group health plan, or a health insurance issuer offering group or individual health insurance coverage, from placing annual or lifetime dollar limits with respect to any individual on specific covered benefits that are not essential health benefits to the extent that such limits are otherwise permitted under applicable federal or Illinois law. (The scope of essential health benefits is addressed in subsection (c)).

2) Condition-Based Exclusions

This Section does not prevent a group health plan, or a health insurance issuer offering group or individual health insurance coverage, from excluding all benefits for a condition. However, if any benefits are provided for a condition, then the requirements of this Section apply. Other requirements of federal or Illinois law may require coverage of certain benefits. (45 CFR 147.126)

c) Definition of Essential Health Benefits

Essential health benefits shall be as defined in Section 2001.11(c).

d) Restricted Annual Limits Permissible Prior to 2014

1) In General

With respect to plan years (in the individual market, policy years) beginning prior to January 1, 2014, a group health plan, or a health insurance issuer offering group or individual health insurance coverage, may establish, for any individual, an annual limit on the dollar amount of benefits that are essential health benefits, provided the limit is no less than the amounts in the following schedule:

A) For a plan year (in the individual market, policy year) beginning on or after September 23, 2010, but before September 23, 2011, $750,000.

B)For a plan year (in the individual market, policy year) beginning on or after September 23, 2011, but before September 23, 2012, $1,250,000.

C) For plan years (in the individual market, policy years) beginning on or after September 23, 2012, but before January 1, 2014, $2,000,000.

2) Only Essential Health Benefits Taken Into Account

In determining whether an individual has received benefits that meet or exceed the applicable amount described in subsection (d)(1), a plan or issuer must take into account only essential health benefits.

3) Waivers

For plan years (in the individual market, policy years) beginning before January 1, 2014, the requirements of subsection (d)(1) relating to annual limits may be waived (for such period as is specified by the Secretary) for a group health plan or health insurance coverage that has an annual dollar limit on benefits below the restricted annual limits provided under subsection (d)(1) if compliance with subsection (d)(1) would result in a significant decrease in access to benefits under the plan or health insurance coverage or would significantly increase premiums for the plan or health insurance coverage. (45 CFR 147.126)

e) Transitional Rules for Individuals Whose Coverage or Benefits Ended by Reason of Reaching a Lifetime Limit

1) In General

The relief provided in the transitional rules of subsection (e) applies with respect to any individual:

A)Whose coverage or benefits under a group health plan or group or individual health insurance coverage ended by reason of reaching a lifetime limit on the dollar value of all benefits for any individual (which, under this Section, is no longer permissible); and

B)Who becomes eligible (or is required to become eligible) for benefits not subject to a lifetime limit on the dollar value of all benefits under the group health plan or group or individual health insurance coverage on the first day of the first plan year (in the individual market, policy year) beginning on or after September 23, 2010, by reason of the application of this Section.

2) Notice and Enrollment Opportunity Requirements

A) If an individual described in subsection (e)(1) is eligible for benefits (or is required to become eligible for benefits) under the group health plan, or group or individual health insurance coverage, described in subsection (e)(1), the plan and the issuer are required to give the individual written notice that the lifetime limit on the dollar value of all benefits no longer applies and that the individual, if covered, is once again eligible for benefits under the plan. Additionally, if the individual is not enrolled in the plan or health insurance coverage, or if an enrolled individual is eligible for but not enrolled in any benefit package under the plan or health insurance coverage, then the plan and issuer must also give such an individual an opportunity to enroll that continues for at least 30 days (including written notice of the opportunity to enroll). The notices and enrollment opportunity required under this subsection (e)(2)(A) must be provided beginning not later than the first day of the first plan year (in the individual market, policy year) beginning on or after September 23, 2010.

B)The notices required under subsection (e)(2)(A) may be provided to an employee on behalf of the employee's dependent (in the individual market, to the primary subscriber on behalf of the primary subscriber's dependent). In addition, for a group health plan or group health insurance coverage, the notices may be included with other enrollment materials that a plan distributes to employees, provided the statement is prominent. For either notice, with respect to a group health plan or group health insurance coverage, if a notice satisfying the requirements of subsection (e)(2) is provided to an individual, the obligation to provide the notice with respect to that individual is satisfied for both the plan and the issuer.

3) Effective Date of Coverage

In the case of an individual who enrolls under subsection (e)(2), coverage must take effect not later than the first day of the first plan year (in the individual market, policy year) beginning on or after September 23, 2010.

4) Treatment of Enrollees in a Group Health Plan

Any individual enrolling in a group health plan pursuant to subsection (e)(2) must be treated as if the individual were a special enrollee, as provided under 45 CFR [146.117(d)](http://www.law.cornell.edu/cfr/text/45/146.117#d). Accordingly, the individual (and, if the individual would not be a participant once enrolled in the plan, the participant through whom the individual is otherwise eligible for coverage under the plan) must be offered all the benefit packages available to similarly situated individuals who did not lose coverage by reason of reaching a lifetime limit on the dollar value of all benefits. For this purpose, any difference in benefits or cost-sharing requirements constitutes a different benefit package. The individual also cannot be required to pay more for coverage than similarly situated individuals who did not lose coverage by reason of reaching a lifetime limit on the dollar value of all benefits. (45 CFR 147.126)

5) This subsection (e) is illustrated by the examples appearing in 45 CFR 147.126.

f) Applicability Date

This Section applies for plan years (in the individual market, for policy years) beginning on or after September 23, 2010. See 45 CFR [147.140](http://www.law.cornell.edu/cfr/text/45/147.140) for determining the application of this Section to grandfathered health plans (providing that the prohibitions on lifetime and annual limits apply to all grandfathered health plans that are group health plans and group health insurance coverage, including the special rules regarding restricted annual limits, and the prohibition on lifetime limits apply to individual health insurance coverage that is a grandfathered health plan but the rules on annual limits do not apply to individual health insurance coverage that is a grandfathered health plan). (45 CFR 147.126)

(Source: Added at 38 Ill. Reg. 2037, effective January 2, 2014)