

The Enforceability of Placing Limits on Group Health Plans for Alcohol-Related Injuries

To reduce costs, a self-funded group health plan can exclude coverage for employees who sustain injuries resulting from the misuse of alcohol, but such exclusions will only be enforced in some situations. Compliance with the Health Insurance Portability and Accountability Act and other federal laws may override any provisions placed in a GHP that exclude employees suffering from a medical condition, such as alcoholism. Other than this narrow exception, such provisions can serve as a boon to small businesses attempting to implement cost-saving measures.

Here are some key points to take away from the regulations controlling the enforcement of GHP provisions:

- A plan may exclude or limit coverage for injuries resulting from particular activities, such as drinking alcohol. Drinking alcohol, as an activity, is not alone sufficient to affect an employee's eligibility, but any subsequent alcohol-related injuries will be subject to the GHP limit, which may be set as low as \$0.
- For full effect, the exclusion should be clearly displayed in both the plan document and the summary plan description, including an explanation of when the exclusion is not enforceable, such as in the case of alcoholism.
- In essence, so long as the alcohol-related injury does not occur to an alcoholic, any limits will be enforceable to exclude coverage under a GHP.

For more information, please contact the NFIB Legal Foundation at 1-800-552-6342 or legalfoundation@nfib.org.