

GRACE PERIOD FOR PREMIUM PAYMENT BY ENROLLEES WHO ARE DELINQUENT

Andrea Rosen, Covered California Attorney

September 19, 2013

RESOLUTION OF CONFLICT BETWEEN STATE LAW AND FEDERAL RULES RE: GRACE PERIOD TO REINSTATE COVERAGE

What's the Problem and Who's Affected?

- Applies only to enrollees receiving premium assistance.
- We worked with CCIO in conjunction with DMHC, CDI as well as consumers and provider advocates to resolve conflict.
- Conflict created by 3 month federal grace period v. “at least 30 days” grace period under state law.
- Federal ruled allowed for “pending claims” during second and third months of federal grace period which is barred by state law.
- Presented huge potential financial risk and uncertainty to plans, providers and consumers during second and third months of grace period during which claims might be pended if coverage ultimately is not reinstated and not have been clearly notified.
- Enrollees could have been personally financial liable for potential unpaid claims during months two and three if coverage not reinstated.
- Desire to reduce financial risk to plans, providers and consumers but preserve enrollee's ability to reinstate coverage during three month grace period.

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- State law grace period for coverage is first month only assuming timely state notices given.
- Coverage is suspended during months two and three of federal grace period.
- Enrollee may reinstate coverage by paying full premium due before last day of third month grace period. If enrollee reinstates coverage, plan pays claims for covered services incurred during second and third months.
- Providers are not obligated to provide care under contract with plan during second and third months when coverage is suspended; enrollee can pay providers directly if they choose.
- Notice requirements from state law and QHP contract apply. Plan must notice enrollee's providers of enrollee's coverage suspension no later than 15 days after 1st day of second month of grace period.
- Termination for non-payment of premium is permitted if the 3 month grace period is exhausted and if full payment of premium has not been made assuming notice requirements were met. Enrollee cannot re-enroll unless qualified for special enrollment.
- Partial (less than full month) premium payment does not reinstate coverage.