

From the Desk of

Larry Grudzien
ATTORNEY-AT-LAW



Health Reform Questions - Grace Period Provided for Payment of Premiums

April 3, 2014

Question: Must health plans participating in the exchanges provide individuals who purchase subsidized insurance coverage through the exchanges a 90-day grace period before terminating the coverage for non-payment of the premiums?

Answer: Yes. Under 45 CFR 156.270, individuals who purchase subsidized coverage through the exchanges must be provided a 90-day grace period before their coverage is cancelled for non-payment. The insurance plan is required to pay any claims incurred during the first 30 days of the grace period, but the insurance plan is not required to pay the claims incurred during the last 60 days of the grace period if the individual's coverage is terminated. The insurance plan is allowed to place all the claims during the last 60 days of the grace period in a pending status. The rule requires the insurance plan to notify the healthcare providers when an insured individual is in the last 60 days of the grace period.

This proposed regulation imposes a significant risk for uncompensated care on the healthcare providers. It does require insurers to tell healthcare providers when patients are behind on their premium payments, but it does not specify how the health plan will provide that notice to the providers. The only notice some providers receive will probably be the pending status placed on the unpaid claims by the insurance plan.

For a copy of the proposed regulation, please click on the link below:

<http://www.law.cornell.edu/cfr/text/45/156.270>

