

HB 4110 -1 STAFF MEASURE SUMMARY

House Committee On Health Care

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Meeting Dates: 2/4, 2/6, 2/11

WHAT THE MEASURE DOES:

Modifies the grace period for payment of first premium by enrollee for insurers that offer health plans in the individual and group market. Specifies the grace period cannot be less than 10 days in the individual market except for individuals that receive advance payments of premium tax credit or 30 days for a health plan that is not a qualified health plan. Specifies the grace period cannot be less than 10-15 days in the group market. Prohibits an insurer from canceling or refusing to renew a health policy (plan) if prohibited by Department of Consumer and Business Services in rulemaking in accordance with the specified provisions. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

- Insurer notices of enrollee premium payments that are past due for non-payment
- Impacts to consumers with current grace periods
- Short-term enrollment plans and special enrollment periods

EFFECT OF AMENDMENT:

-1 Clarifies unless a longer grace period is provided by federal law, the grace period must be at least 10 days for health plans not offered on the individual market and 30 days for plans offered on the individual market. Directs Department of Consumer and Business Services to create consumer notification requirements through rulemaking.

REVENUE: No revenue impact.

FISCAL: No fiscal impact.

BACKGROUND:

The Affordable Care Act (ACA) provides financial assistance to individuals and families to purchase health coverage through health insurance Marketplaces: premium tax credits to reduce monthly insurance premiums and cost-sharing subsidies to reduce out-of-pocket costs. For individuals that purchase coverage through the individual or group market through the ACA's Health Insurance Marketplace, they often have a specific period of time to make their initial monthly health insurance payment and/or any subsequent premium payments, referred to as the 'grace period' or risk having their coverage terminated for non-payment of premium(s) by the insurer. For individuals that receive advance premium tax credits (APTCs) and have paid at least one-month premium in full, the grace period is 90 days; individuals that do not receive APTCs usually have a shorter grace period of 30 days. States can enact different grace periods.

To avoid termination, an individual must pay all outstanding premiums in full prior to the end of the allowable grace period. For individuals who receive APTCs, enroll in a health plan, receive services during the 90-day grace period, but fail to pay their premium payments in full, the enrollee may be responsible for these service at the end of the grace period. In other words, an insurer is not responsible for paying any claims during the second and third month of the grace period.

House Bill 4110 modifies the grace period for insurers that offers health plans in the individual and group markets.