

Policy: Premium Grace Periods - Individual Product

Principles:

Health Plans - Individual Product

Purpose:

It is the policy of University of Utah Health Plans to appropriately administer premium grace periods as outlined by federal regulations. It is the policy of University of Utah Health Plans to follow the CMS Market Stabilization Rule, specifically Guaranteed Availability of Coverage 45 CFR 147.

Description:

During Open Enrollment when an individual chooses to sign up on one of our Individual products, their first binding premium payment (member portion only) is due no later than the day before their effective date. If we do not receive at least 99% of their binding premium payment (member portion only) by this due date, the policy is cancelled as never effective. (If the member pays less than 100%, but equal to or more than 99%, the remaining amount is added to their next month's balance. To be considered in good standing for their member portion of the premium, they must pay at least 99%.)

- If an individual chooses to sign up and qualifies for a special enrollment event, the first binding premium payment is due no later than 60 days from the day they notified us/enrolled. If we do not receive their binding premium payment by this due date, the policy is cancelled as never effective.
- For retro-active enrollments, the first binding payment is due no later than 60 days from the day they notified us.

The following applies to the consecutive months after the binding premium payment has been made:

Before an enrollee's coverage or enrollment is terminated due to non-payment of premium, there are grace periods that are applied uniformly to enrollees in similar circumstances. If the member misses their member portion premium payment deadline or pays less than 99%, they enter a grace period. A grace period is a time period when an enrollee's plan will not terminate even though the enrollee did not pay the premium.

- Enrollees that are **not receiving** advance payments of the premium tax credit receive a 30 day grace period for non-payment (excluding the first initial premium payment) before their enrollment is terminated due to non-payment of premium. In accordance with Utah state law, if University of Utah Health Plans does not receive 100% of the premium payment before the grace period expires, the insurance policy is terminated as of the last date for which the premium is paid in full and any pending claims are finalized.

- During the grace period, University of Utah Health Plans:
 - Provides the enrollee with a written notice of payment delinquency.
 - Pends claims for services rendered, meaning they are held and not finalized.
- In accordance with the Federal regulation 45 CFR 156.270, enrollees that are **receiving** advance payments of the premium tax credit receive a grace period of 90 days (three consecutive months) if an enrollee receiving advance payments of the premium tax credit has previously paid at least one full month's premium during the benefit year. In accordance with Federal law, if University of Utah Health Plans does not receive 100% of the past due premium payments before the grace period expires, the insurance policy is terminated as of the last date of the first month of the grace period and any pending claims are finalized. Grace periods do not "reset" when partial payments are made.
 - During the three month grace period, University of Utah Health Plans:
 - Processes all appropriate claims for services rendered to the enrollee during the first month of the grace period and pends claims for services rendered to the enrollee in the second and third months of the grace period, meaning they are held and not finalized;
 - Notifies HHS of such non-payment; and,
 - Notifies providers of the possibility for denied claims when an enrollee is in the second and third months of the grace period and the providers requests an eligibility verification.
 - Continues to collect advance payments of the premium tax credit on behalf of the enrollee from the Department of the Treasury.
 - Returns advance payments of the premium tax credit paid on the behalf of such enrollee for the second and third months of the grace period if the enrollee exhausts the grace period as described in paragraph (g) of Federal Regulation §156.270 Termination of coverage for qualified individuals.
 - Provides the enrollee with a written notice of payment delinquency.

In accordance with the CMS Market Stabilization Rule, specifically Guaranteed Availability of Coverage 45 CFR 147, effective June 2017, University of Utah Health Plans will not effectuate new benefit year coverage if the member has an unpaid premium balance from the prior benefit coverage plan year.

- In order to effectuate new coverage, the payment of applicable past due premium (100%) and the new binder payment must be received by the new coverage due date or the coverage will not be effectuated based on failure to pay the initial premium payment.

If an enrollee voluntarily terminates while in a grace-period due to non-payment of premiums, the effective date of the termination is the earlier of: (1) the enrollee's voluntary termination date, or (2) the date the enrollee's coverage is terminated for nonpayment of premiums if the enrollee fails to pay all outstanding premiums, or an amount less than 99% of the outstanding premium threshold, before the end of the applicable grace period.

References:

156.270 Termination of coverage for qualified individuals

Current Approval Date:

15 March 2021