



Grace periods for non-payment of premium and Exchanges

ISSUE: Is there any difference in how the grace period for non-payment of premiums would work for individuals receiving advance payments of the premium tax credit and whether these policies differ for those who are not.

IN SHORT: Under the final Exchange rules, qualified health plans must provide a grace period of three consecutive months if an enrollee receiving advance payments of the premium tax credit previously paid at least one month's premium during the benefit year. Qualified health plans are required to pay all appropriate claims during the first month of the grace period because they are receiving the advance payment of premium tax credits. However, QHP's may pend claims in the second and third months of the grace period. If premiums are not paid by the end of the grace period, the consumer's coverage is retroactively to the first day of the second month in the grace period.

NOTE: The rule requires that QHPs notify providers that claims are pended and that payment may not be forthcoming if premiums are not paid.

Individuals not receiving tax credits are still subject to state law requirements on grace periods for non-payment

APPLICABILITY TO DENTAL: While the Exchange rule applies the standard to QHPs, it is generally assumed that it will be applied to dental plans that participate in Exchanges as a standard for certification of products. Dental plan certification standards for the federally run Exchanges are expected in January. Dental plan certification standards for state Exchanges will be set by individual states—most likely in the first quarter.

However, there may be an issue in that the HHS proposed rule on Benefit and Payment Parameters proposes that the "advance payment of premium tax credits" go first to the QHP. Because the level of subsidies never covers the full health plan premium, dental carriers will never receive a portion of the subsidy. Thus, for a dental carrier, any payment during the 30 days grace would be uncompensated.

NADP has proposed that subsidies cover the dental premium first as it would be paid in full with the remainder going to the QHP. If this modification is made, the application of the grace period standards would not cause increases in dental premiums. If the modification is not made, there may be a request to HHS or state Exchanges to change the retroactive cancellation date to the first day of the grace period for dental carriers.