

## 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 is due no later than the day before their effective date. If we do not receive their binding premium payment by this due date, the policy is cancelled as never effective.

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.

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.

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 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.

### References: