



THE ADMINISTRATION ANNOUNCES A TEMPORARY “FIX” FOR INDIVIDUAL AND SMALL GROUP HEALTH INSURANCE POLICIES—DELAYS IMPLEMENTATION OF KEY MARKET REFORMS UNDER THE AFFORDABLE CARE ACT

In response to nationwide complaints about health insurance plans being cancelled or not renewed because of the requirements of the Affordable Care Act (ACA), the Obama Administration announced today (November 14, 2013) that it is offering a one year moratorium on key aspects of the market reform provisions under the Act.

In a letter released by the White House from the Centers for Medicare & Medicaid Services (CMS) to the State Insurance Commissioners, the Administration announced that it will permit insurance companies to renew individual and small group health insurance policies for one year, regardless of whether they meet the ACA's market reform requirements. Subject to certain requirements (discussed below), the letter indicates that this fix—a moratorium on the application of these market reforms under ACA—will be in place for policies in effect on October 1, 2013, allowing them to renew for a policy year commencing between January 1, 2014 and October 1, 2014. The letter indicates that the impact of the moratorium will be reviewed and a decision on whether it will be extended will be made at a later date.

In its letter CMS first publicly recognizes that across the country individuals and small businesses that had health insurance were informed by their carriers that their policies would not be renewed in 2014 because of the failure of those policies to include certain market reforms mandated by the ACA, including the essential health benefit requirements and the community rating rules. CMS also acknowledges that many who are losing insurance coverage will not find cost-effective replacement insurance, either with or without subsidization in the Health Insurance Marketplaces or otherwise.

The moratorium will allow carriers to continue coverage that would have otherwise been terminated or cancelled because the coverage did not meet the ACA requirements during 2014.

Importantly: To be eligible for this relief, the insurance policy had to have been in effect as of October 1, 2013. In addition, carriers are required to provide individuals and small employers with a notice informing them, among other things, which marketplace reform benefits are not included in the policy that is being renewed. In addition, the carriers must inform those affected that they can obtain coverage with the ACA marketplace changes on the state or federal Health Insurance Marketplace or from carriers outside of the Marketplace.

Health insurance issuers must send this notice as soon as reasonably possible to any individual or small business that have already received a cancellation or termination notice. If a cancellation or termination notice has not yet been sent, the issuer must send this notice by the time that it would otherwise send the cancellation or termination notice. This notice must be sent as soon as possible.

This means that if these requirements are met, small group plans can be renewed for 2014 that do not include, among other things:

- The Essential Health Benefit package, out-of-pocket maximum and deductible limitations;
- Guaranteed availability and renewability of coverage;
- Changes in community rating rules; and
- The pre-existing conditions exclusions applicable to adults for individual plans;



MARSH & McLENNAN
AGENCY

WORLD CLASS. LOCAL TOUCH.

The moratorium does not affect any of the other ACA requirements that are in effect or scheduled to go into effect for 2014. These include the Health Insurance Tax, the PCORI Tax and the Reinsurance Tax, along with all of the various notice and other requirements.

It is important to note that letter from CMS is to state insurance commissioners advising them that this will be acceptable to the Obama Administration. It will be up to the insurance commissioners and the carriers operating in their states to determine whether they are willing and able to reinstate insurance products that they assumed were cancelled. The Administration is not ordering that they reinstate these products, it is only providing them with an opportunity to do so.

For more information, please contact your Marsh & McLennan Agency representative or info@mma-newengland.com

Content provided by Proskauer

www.MMA-NewEngland.com

Marsh & McLennan Agency | 500 Boylston Street, Suite 300 | Boston, MA | 02116 | T: 617-587-2300 | F: 617-236-0011