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MEMORANDUM 2017-3H

Date: March 1, 2017

To: All Health Insurance Companies, Mutual Benefit Societies, and Health Maintenance Organizations Authorized to Write Health Insurance in Hawaii

From: Gordon I. Ito, Insurance Commissioner

Subject: Extension of Transitional Policy through Calendar Year 2018

The State of Hawaii elects to adopt the Centers for Medicare and Medicaid Services extension of transitional policies for non-grandfathered health insurance coverage in both the individual and small group markets. Insurers in the individual and small group market may renew transitional policies through December 31, 2017.¹ This extended transitional policy covers policy years beginning on or before Oct. 1, 2018 so long as policies end by Dec. 31, 2018.²

Background

On November 14, 2013, the Centers for Medicare and Medicaid Services (CMS) announced federal guidelines under which insurers could offer reenrollment in health benefit plans facing cancellation as a result of the 2014 reforms under the Affordable Care Act.³ The guidelines allowed State authorities to permit health insurers with small group and individual policies that were in effect on October 1, 2013 to be renewed for a policy year starting between January 1, 2014 and October 1, 2014. Transitional or “grandmothered” plans are **only** available to small businesses or individuals enrolled prior to October 1, 2013.

¹ CMS “Insurance Standards Bulletin Series- INFORMATION- Extension of Transitional Policy through Calendar Year 2018” (February 23, 2018).

² Id.

³ CMS “Letter to State Insurance Commissioners” (Nov. 14, 2013, available at <https://www.cms.gov/CCIIO/Resources/Letters/Downloads/commissioner-letter-11-14-2013.PDF>).

On March 5, 2014, CMS granted a two year extension for transitional plans, requiring policies to end by October 1, 2016.⁴

On February 29, 2016, CMS granted a second extension for transitional policy beginning on or before October 1, 2017.⁵ The extension mandated that all policies end by December 31, 2017.⁶

CMS Extension through December 31, 2017

On February 23, 2017 CMS authorized a final extension for transitional plans allowing states to permit insurers in the individual and small group market to renew transitional policies through December 31, 2017, provided that said policies have been continually renewed under the transitional policy since 2014.⁷ This extension covers policy years beginning on or before Oct. 1, 2018 and requires policies to end by Dec. 31, 2018.⁸

The State of Hawaii elects to adopt the extension for non-grandfathered health insurance coverage in both the individual and small group markets. Therefore, insurers in the individual and small group market may renew transitional policies through December 31, 2017. This extended transitional policy covers policy years beginning on or before Oct. 1, 2018 so long as these policies end by Dec. 31, 2018.

Transitional Plans are only available to small businesses or individuals enrolled prior to October 1, 2013.

If you have any question, please call 808-586-2804 or e-mail ihealth@dcca.hawaii.gov.

⁴ CMS “Insurance Standards Bulletin Series – Extension of Transitional Policy through October 1, 2016” (Mar. 5, 2014), available at <https://www.cms.gov/ccio/resources/regulations-and-guidance/downloads/transition-to-compliant-policies-03-06-2015.pdf>.

⁵CMS “Insurance Standards Bulletin Series – INFORMATION – Extension of Transitional Policy through Calendar Year 2017” (Feb. 29, 2016), available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/final-transition-bulletin-2-29-16.pdf>.

⁶ Id.

⁷ CMS “Insurance Standards Bulletin Series- INFORMATION- Extension of Transitional Policy through Calendar Year 2018” (February 23, 2018), available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-CY2018.pdf>.

⁸ Id.