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August 14, 2020

MEMORANDUM 2020-10H

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

From: Colin M. Hayashida, Insurance Commissioner 

Subject: Extension of Transitional Policy through Calendar Year 2021

The State of Hawaii elects to adopt the Centers for Medicare and Medicaid Services extension of transitional policy for non-grandfathered health insurance coverage in the small group market.¹ This extended transitional policy covers policy years beginning on or before October 1, 2021, provided that all such coverage comes into compliance with specified requirements by January 1, 2022.²

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

¹ “Insurance Standards Bulletin Series – INFORMATION – Extension of Limited Non-Enforcement Policy through 2021” (January 1, 2020) available at <https://www.cms.gov/files/document/extension-limited-non-enforcement-policy-through-calendar-year-2021.pdf>.

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>).

“Grand-Mothered” plans are **only** available to business or individuals enrolled prior to October 1, 2013.

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 an extension for transitional policies beginning on or before October 1, 2017, provided that the policies ended by December 31, 2017.⁵

On February 23, 2017, CMS granted an extension for transitional policies beginning on or before Oct. 1, 2018, provided that the policies end by Dec. 31, 2018.⁶

On April 9, 2018 CMS granted an extension for transitional policies beginning on or before October 1, 2019, provided that the policies end by December 31, 2019.⁷

On March 25, 2019, CMS granted an extension for transitional policies beginning on or before October 1, 2020, provided that all such coverage comes into compliance with specified requirements by January 1, 2021.⁸

CMS Extension through December 31, 2021

On January 1, 2020, CMS granted an extension for transition policies beginning on or before October 1 provided that all such coverage comes into compliance with the specified requirements by January 1, 2022.⁹

The State of Hawaii elects to adopt the extension for the small group market.

Therefore, insurers in the small group market may renew transitional policies beginning on or before Oct. 1, 2021 so long as such coverage comes into compliance with specified

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>.

⁵ CMS “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 CMS “Insurance Standards Bulletin Series – INFORMATION – Extension of Transitional Policy through Calendar Year 2018” (Feb. 23, 2017), available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-CY2018.pdf>.

⁷ CMS “Insurance Standards Bulletin Series- INFORMATION- Extension of Transitional Policy through 2019” (April 9, 2018), available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-Through-CY2019.pdf>.

⁸ “Insurance Standards Bulletin Series – INFORMATION – Extension of Limited Non-Enforcement Policy through 2020” (March 25, 2019) available at <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Limited-Non-Enforcement-Policy-Extension-Through-CY2020.pdf>.

⁹ “Insurance Standards Bulletin Series – INFORMATION – Extension of Limited Non-Enforcement Policy through 2021” (January 1, 2020) available at <https://www.cms.gov/files/document/extension-limited-non-enforcement-policy-through-calendar-year-2021.pdf>.

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requirements by January 1, 2022, as provided for in CMS' "Insurance Standards Bulletin Series – INFORMATION – Extension of Limited Non-Enforcement Policy through 2021."

Transitional Plans are only available to small business enrolled prior to October 1, 2013. If you have any question, please e-mail ihealth@dcca.hawaii.gov.