

Advisory Memorandum on Comprehensive Health Insurance

To: All Insurers of Health Benefit Plans¹ in North Carolina

From: Life and Health Division

Date: June 25, 2015 – **Updated June 29, 2015**

Re: Q&A Relating to the Extension of Federal Transitional Policy in North Carolina

On March, 7, 2014, the North Carolina Department of Insurance (NCDOI) announced a decision to permit the extension of the federal Transitional Policy in the comprehensive health insurance markets through October 1, 2016. The federal Transitional Policy was extended via a bulletin² from the Center for Consumer Information and Insurance Oversight (CCIIO) issued on March 5, 2014.

The following are questions that NCDOI has received and our responses.

- 1) Question – Will North Carolina permit a small group that is currently on a transitional relief policy that naturally expires in November or December of 2015 to renew that policy in October for another 12 months so that the group may take full advantage of the transitional relief permitted by CMS?

*Answer - Consistent with NCDOI's Advisory Memorandum of April 21, 2014 and the extension of the federal Transition Policy (as outlined in CMS/CCIIO Bulletin issued March 5, 2014), health insurers of health benefit plans in North Carolina may offer transitional plan policyholders renewal of their transitional coverage through ~~September 29, 2016~~ **October 1, 2016**, including opportunities to renew early, as long as the renewal of transitional coverage is at the option of the policyholder. Insurers must also continue to adhere to all previous applicable guidance issued by NCDOI relating to transitional business in renewing such coverage and in offering early renewal.*

- 2) Question – Will NCDOI's transitional policy allow a small group currently on a transitional relief plan to choose, at renewal, to replace that plan with another plan that the group could have chosen before 2014 (that is, another transitional relief plan), so long as the group chose a plan option of the same type it currently has, for example, only HMO to HMO, PPO to PPO or POS to POS, but not switch among these product categories?

¹ As defined in G.S. §58-3-169(a)(2)

² CCIIO Bulletin – <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/transition-to-compliant-policies-03-06-2015.pdf>

Answer – An insurer of health benefit plans in North Carolina may replace a current transitional plan with another transitional plan (“alternate transitional plan”) at the option of the policyholder, as long as the health insurer has at least one other policyholder in NC who is currently covered by the alternate transitional plan being requested. All other transitional plans in the health insurer’s portfolio, i.e., those with no active enrollment, are considered by NCDOL to be closed to further enrollment.

- 3) Question – Does NCDOL’s transitional policy permit a small group, at renewal, to add another plan option for its employees to elect that the group could have chosen before 2014 (another transitional relief plan), so long as the group chose a plan of the same type it currently has, for example, only HMO to HMO, PPO to PPO or POS to POS? For example, if the current plan has a \$1,000 deductible, could the small group also offer a \$500 deductible plan option for its employees to select?

Answer – An insurer of health benefit plans in North Carolina may permit a transitional plan policyholder to elect to offer additional transitional plan options as long as the conditions listed in #2 above are met.

Questions about this memorandum should be addressed to Jean Holliday, Regulatory Project Manager/Healthcare Reform Supervisor, at jean.holliday@ncdoi.gov or 919-807-6061.