

## **Advisory Memorandum on Comprehensive Health Insurance In the Individual and Small Employer Group Markets**

To: All Insurers of Health Benefit Plans in the Individual and Small Group Markets

From: Life and Health Division

Date: April 21, 2014

Re: Extension of Federal Transitional Policy in North Carolina

On March 7, 2014, the North Carolina Department of Insurance announced a decision to permit the extension of the federal Transitional Policy in the individual and small group markets through October 1, 2016. The federal Transitional Policy was extended via a bulletin<sup>1</sup> from the Center for Consumer Information and Insurance Oversight (CCIIO) issued on March 5, 2014.

The following are specifically provided under the extension adopted in North Carolina:

- 1) Health insurers, who have reissued or will reissue a plan of insurance under the transitional policy anytime in 2014, may renew such plans at any time through October 1, 2016 and affected individuals and small businesses may choose to re-enroll in such coverage through October 1, 2016.
- 2) Health insurers, whose 2013 plans renew anytime between March 5, 2014 and December 31, 2014, including any plans that insurers early renewed in late 2013, may choose to implement the transitional policy for any remaining portion of the 2014 plan year (i.e. apply the transitional policy to “early renewals” from late 2013), and affected individuals and small business may choose to re-enroll in such coverage through October 1, 2016.
- 3) Health insurers may choose to provide transitional relief for large businesses that currently purchase insurance in the large group market but that, for plan years beginning on or after January 1, 2016, will be redefined as small business purchasing insurance in the small group market.

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<sup>1</sup> CCIIO Bulletin – <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/transition-to-compliant-policies-03-06-2015.pdf>

In order to take advantage of transitional policy, insurers should refer to the Advisory Memorandum issued by the Life & Health Division (the Division) on November 15, 2013 which outlines the Division's expectations. The Division also issued follow-up guidance specific to the small group market and a Q&A document on December 4, 2013. All three documents are available on the Division's website<sup>2</sup>.

In addition to guidance previously issued, insurers should be aware of the following:

- Insurers, who elected to provide transitional relief under the November 2013 policy, may elect to continue to provide that relief to such plans through October 1, 2016.
- Insurers, who did NOT elect to provide transitional relief under the November 2013 policy, may still elect to provide the relief for plans renewing through the remainder of 2014, including early renewal plans from late 2013.
- Insurers may elect to offer transition, or extend transition, in the individual or the small group market, or both, in any combination.
- Insurers are reminded of statutory requirements for prior-approval of rates, and should submit such filings following pre-2014 rate filing requirements. Insurers should also allow adequate time for NCDI to complete review of such requests.
- Insurers not subject to Articles 65 and 67, who provide non-grandfathered health insurance coverage in the individual market through individual association arrangements, and who intend to offer transitional relief to such plans, are asked to submit all changes in rates related to the offering of transitional relief to the Division for our records. Such submissions are requested prior to the implementation of the new rates in North Carolina.

**Insurers are expected to inform the Life & Health Division of their decisions relating to transition (regardless of the decision) by sending an email to [jean.holliday@ncdoi.gov](mailto:jean.holliday@ncdoi.gov) .** The email should include:

- The market(s) to which the decision applies, including the large market if electing to offer transition as noted in #3 above; and
- For insurers choosing to offer transition for the first time or to extend transitional relief, the total number of lives potentially impacted by the decision to offer transition relief by market.

Questions about this memorandum should be addressed to Jean Holliday, Regulatory Project Manager/Health Care Reform Supervisor, at [jean.holliday@ncdoi.gov](mailto:jean.holliday@ncdoi.gov) or 919-807-6061.

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<sup>2</sup> [http://www.ncdoi.com/lh/LH\\_Directives.aspx](http://www.ncdoi.com/lh/LH_Directives.aspx)