

Advisory Memorandum on Comprehensive Health Insurance in the Individual and Small Employer Group Markets

To: Insurers of Non-grandfathered Transitional Health Benefit Plans in the Individual and Small Group Markets in North Carolina

From: Life and Health Division

Date: March 2, 2017

Re: Third Extension of Federal Transitional Policy in North Carolina

On March 2, 2017, the North Carolina Department of Insurance (NCDI) announced a decision to permit the third extension of the federal Transitional Policy in the individual and small group markets through December 31, 2018. The federal Transitional Policy was extended via a bulletin¹ from the Center for Consumer Information and Insurance Oversight (CCIIO) issued on February 23, 2017.

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

- 1) Health insurers who renewed policies in the individual and small group markets under the federal transitional policy continually since 2014 may continue to renew such coverage for a policy year starting on or before October 1, 2018; however any policies renewed or extended under the additional extension of the federal transitional policy must not extend past December 31, 2018.
- 2) Health insurers may choose to provide the additional extension of transitional relief as described in #1:
 - For both the individual and small group markets; or
 - For the individual market only; or
 - For the small group market only.

In order to take advantage of additional extension of the transitional policy, insurers should refer to the previous guidance issued by the Department relating to transition. All previously released information may be accessed from the Department's Federal Health Care Reform webpage for the Industry (http://ncdoi.com/HealthCareReform/Information_For_Insurers.aspx) and select Non-Grandfathered Transitional Coverage from the drop down menu or use the following link to access that page directly: http://www.ncdoi.com/HealthCareReform/Information_For_Insurers_-_Non-Grandfathered_Transitional_Coverage_Information.aspx.

¹ CCIIO Bulletin – <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-CY2018.pdf>

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

- Only insurers, who elected to provide transitional relief under the November 2013 policy and/or the first extension and who have continually renewed the transitional coverage since 2014 may elect to continue to provide that relief to such plans under this new extension.
- Insurers may elect to 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 or requirements for annual filing 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.
- Per the federal guidance, all transitional business products that have rate increases subject to review under Public Health Service (PHS) Act section 2794 should use the rules and processes for submission to States (as noted above) and CMS that were in place prior to April 1, 2013, and updated April 1, 2015, to assure compliance with PHS Act section 2794 requirements.
- With the objective of facilitating smooth transitions from transitional coverage to Affordable Care Act compliant coverage, health insurers may utilize policy years that are shorter than 12 months or early renewals with a January 1, 2018 start date, or other options as may be subsequently provided under federal guidance.

Insurers are expected to inform the Life & Health Division of their decisions relating to the extension of transition (regardless of the decision) by sending an email to L&Hinbox@ncdoi.gov. The email should include:

- The insurer's full, licensed name,
- The market(s) to which the decision applies,
- If extending transition, the total number of lives potentially impacted by the decision to offer transition relief by market, and
- If extending transition, a brief description of how the insurer will handle the extension – shortened policy years, early renewal, etc.

Questions about this memorandum should be addressed to L&Hinbox@ncdoi.gov or 919-807-6055.