Grace period for individual health plans purchased on the Exchange

Summary

The Affordable Care Act (ACA) mandates a three month grace period for individual members who purchase their health plan on the Exchange, are eligible for a premium subsidy from the government, and are delinquent in paying their portion of premiums. This grace period applies after the individual has paid at least one month’s premium within the benefit year.

In cases where the member has not paid their premium, Anthem Blue Cross and Blue Shield (Anthem) will take the following steps, as defined by the legislation:

- Anthem will process claims for services received during the first month.
- Anthem will pend claims for services received during the second and third months of the grace period, until the full premium is received. Providers will receive a notification on their remittance indicating that the claim cannot be paid until the premium is received, and informing providers of the possibility of denied claims if the premium is not received by the end of the three month grace period.
- After the third month, if the member’s premium is not received, the member’s health plan will be terminated and the claims for services received during the second and third month will be denied. The member will be responsible for payment of services received during this time.

Note: Anthem will not retract payment for dates of service within the first month of the grace period for non-payment of premium.

Provider Notification

The following notification will be remitted to providers when claims are pended during the second and third months of the mandated grace period.

Under the Patient Protection and Affordable Care Act (PPACA), there is a three month grace period under Exchange-purchased individual insurance policies, when a premium due is not received for members eligible for premium subsidies. During this grace period, carriers may not disenroll members and, during the 2nd and 3rd months of the grace period, are required to notify providers about the possibility that claims may be denied in the event that the premium is not paid.

Please be advised that a premium due has not been received for this subsidy eligible member and that the member and any eligible dependents are and at the time that your care was provided, were in the second or third month of the Exchange individual health insurance grace period. The above-referenced claim thus was pended due to non-payment of premium, and will be denied if the premium is not paid by the end of the grace period.
**Sample Scenarios**

The following examples demonstrate how claims for services rendered within the three month grace period will be processed.

**Scenario 1**

An individual purchases a health plan on the Exchange during open enrollment and receives a subsidy for a portion of their premiums. The member’s effective date is January 1, 2014 and the member pays their portion of the premium for the month of January. This member is now eligible for the three month grace period. The member does not pay their premium for the months of March or April. Their three month grace period begins on March 1, 2014, and claims for dates of service within the month of March are processed by Anthem. Claims for dates of service on April 1 and after pend with a notification to the provider indicating that the member’s premiums are unpaid with the possibility of denied claims after the three month grace period (which ends May 31, 2014). During the month of May, the member pays their full premium due. Claims that are pended for dates of service from April and May are reopened for processing.

**Scenario 2**

An individual purchases a health plan on the Exchange during open enrollment and receives a subsidy for a portion of their premiums. The member’s effective date is January 1, 2014 and the member pays their portion of the premium for the month of January. This member is now eligible for the three month grace period. The member does not pay their premium for the months of March, April, or May. Their three month grace period begins on March 1, 2014, and claims for dates of service within the month of March are processed by Anthem. Claims for dates of service on April 1 and after pend with a notification to the provider indicating that the member’s premiums are unpaid with the possibility of denied claims after the three month grace period (which ends May 31, 2014). At the end of the three month grace period, the member’s portion of the premium is still outstanding. The member’s health plan is terminated and claims for dates of service from April 1, 2014 – May 31, 2014 are denied.

**Frequently Asked Questions**

**Q.** If a member is cancelled after a three month grace period, when can they re-enroll in another individual exchange health plan?

**A.** These members can re-enroll (if still eligible) in an individual health plan on the Exchange during the next open enrollment period. Open enrollment periods begin in October of each year.

**Q.** If a provider contacts Provider Customer Service to verify eligibility and benefits, will the provider be notified if the member is in a three month grace period?

**A.** Yes. Call center representatives will notify the provider that a member is in a three month grace period.
Q. Will Availity display information indicating that the member is in a grace period?

A. Anthem is evaluating how we might make this information available to our providers via Availity’s Web Portal. We will inform providers of any updates to self-service tools related to the accessibility of member grace period information in the Network Update newsletter and on provider portals when it becomes available.

Q. Will preauthorizations or precertifications be considered for members that are in the second or third months of a grace period?

A. Yes. Preauthorizations and precertifications will be considered for members in the three month grace period, based on medical necessity.

Q. If a provider contacts Anthem to request a preauthorization, will the representative responding to the request notify the provider that the member is in a three month grace period?

A. Representatives responding to requests for preauthorizations will not provide information about the status of a member’s premium payment or the three month grace period. Requests for preauthorization will be reviewed based on medical necessity.

Q. If a service is preauthorized and is provided during the second or third month of the member’s three month grace period, will the claim be paid?

A. Claims for dates of service during the second and third month of the three month grace period will pend until the premium is received. Once the member pays their portion of the premium due, all claims for dates of service in the second and third month will be reopened and processed (including claims for preauthorized services). If the member does not pay their portion of the premium by the end of the three month grace period, claims for dates of service in the second and third month of the grace period will be denied and the member will be responsible for payment of these services.