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March 1, 2017

Transition Relief Extended for Non-Compliant Individual and Small Group Plans

On February 23, 2017, the White House announced another [one-year extension](#) to the transition policy (originally announced November 14, 2013 and extended several times since) for individual and small group health plans, which allows issuers to continue certain policies that do not meet Affordable Care Act (ACA) standards. This transition policy has now been extended to policy years beginning on or before October 1, 2018, provided that all policies end by December 31, 2018.

This means individuals and small businesses may be able to keep their non-ACA compliant coverage through the end of 2018, depending on the policy year. Issuers may have the option to implement policy years that are shorter than 12 months or allow early renewals with a January 1, 2018 start date in order to take full advantage of the extension.

Background

The ACA includes reforms that created new coverage standards for health insurance policies. For example, the ACA imposes modified community rating standards and requires non-grandfathered individual and small group policies to cover a comprehensive set of “essential health benefits”.

Millions of Americans received notices in late 2013 informing them that their health insurance plans were being canceled because they did not comply with the ACA’s reforms. Responding to pressure from consumers and Congress, President Obama announced transition relief for 2014 for coverage in the small group and individual health insurance markets. If permitted by their states, the transition policy gave health insurance issuers the option of renewing policies for current enrollees without adopting all of the ACA’s market reforms. These plans are referred to as “grandmothered” plans.

The transition relief for grandmothered plans applies only with respect to individual and small group policies that were in effect as of October 1, 2013 and have been continually renewed since that time. Until last week’s announcement, extension of the transition relief policy was limited to coverage ending no later than December 31, 2017.

One-year Extension

According to the Department of Health and Human Services (HHS), the extension will ensure that consumers have multiple health insurance coverage options, and that states continue to have flexibility in their markets. Also, like the original transition relief, issuers that renew coverage under

the extended transition relief must, for each policy year, provide a notice to affected individuals and small businesses.

Under the transition relief extension, at the option of the states, issuers that have issued policies under the prior transition relief may renew these policies at any time through October 1, 2018, and affected individuals and small businesses may choose to re-enroll in the coverage through October 1, 2018. Policies that are renewed under the extended transition relief will not be considered to be out of compliance with the following ACA reforms:

- Coverage of essential health benefits;
- Limits on annual out-of-pocket spending;
- Community premium rating standards;
- Guaranteed availability and renewability;
- Standards for participation in clinical trials
- Ban on pre-existing medical condition limitations for adults (individual policies); and
- Discrimination based on health status (individual policies).

It is important to note that it will be up to the state insurance commissioners whether they will continue to allow the insurance policies operating under the current relief. Where permitted, the transition relief extension may result in another round of early renewals offered by insurance carriers for grandfathered plans scheduled to renew after October 1, 2018.

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Your Trion Strategic Account Managers are here to answer any questions you might have as you prepare to comply with upcoming ACA requirements. If you are not currently a Trion client and would like assistance navigating the changes required by health care reform, please contact us today by emailing trionsales@trion-mma.com.

ACA Regulations & Guidance Issued In the Last Two Months

- Feb. 2017: HHS Announces [Extension of Transition for Non-Compliant Policies](#)
- Feb. 2017: HHS Issues [Proposed Regulations to Stabilize Individual Market](#)
- Jan. 2017: HHS Issues [Updated Standards for External Review Process](#)
- Jan. 2017: President Issues [Executive Order Regard ACA and Agency Memo](#)
- Jan. 2017: DOL Issues [Final Rule on Various Employee Benefit Plan Penalty Adjustments](#)
- Jan. 2017: ACA FAQs 37 – [HRA Integration](#)
- Jan. 2017: ACA FAQs 36 – [Preventive Care](#)
- Jan. 2017: HHS Issues Notice of [Benefits and Payment Parameters for 2018 Final Rule](#) and [Fact Sheet](#)
- Jan. 2017: IRS Updates Q&As on [Employer Shared Responsibility](#) and Annual Reporting ([Section 6056 Reporting](#) and [Forms 1094-C/1095-C](#))