

Effective January 1, 2014, healthcare reform legislation will require non-grandfathered individual health insurance plans to provide a three-month grace period for individuals enrolled through the health insurance marketplace (also known as the “exchange”) who receive federal health insurance subsidies (advance premium tax credits and/or cost sharing reduction subsidies). A member receiving federal health insurance subsidies will begin a three-month grace period the day following a missed premium payment if the member has timely paid the initial premium payment. This is how it works:

Month One of Grace Period

During the first month of the three-month grace period, Blue Cross will process medical claims for these members based on contract benefits. If the member doesn’t pay all premiums due by the end of the three-month grace period, we won’t seek reimbursement for medical claims incurred during the first month of the grace period due to non-payment of dues when the contract is retroactively cancelled.

Months Two and Three of Grace Period

If a member is still in the three-month grace period on the first day of months two and three, medical claims will be reflected as pending as shown below. A provider will also see an alert message regarding the premium paid-to date when checking Eligibility and Benefits through *ProviderAccess* on our website, **AlabamaBlue.com**.

Claim Status Listing

Contract Number: XAA123456789 Service From Date: 03/05/2014
 Payee NPI: 1234567890 Service Thru Date: 03/05/2014

DETAIL: P5 – PENDING/PAYER ADMINISTRATIVE/SYSTEM HOLD – 03/20/2014. 766 – SERVICES WERE PERFORMED DURING A HEALTH INSURANCE EXCHANGE (HIX) PREMIUM PAYMENT GRACE PERIOD. – 03/20/2014

Service Date:	Claim Number:	Pat Init:	Submitted Charges:	Paid Amount:	Payroll Date:	Status Entity:	Status Catgy:	Status Code:
03/27/2014	7000641234	J	\$62.75	\$0.00	03/20/2014		P5	766

Message in Claims Status

Grace Period Alert Message in Eligibility & Benefits

Professional Benefits

Patient: JOHN A SMITH Address DOB: 09/01/1987 Gender: M Relationship To Insured: Self

Insured: JOHN A SMITH Address Contract: XAA123456789 Group/Div: 12345 Eligibility Date: 01/01/2014 – 12/31/9999 More

Service Type: Health Benefit Plan Coverage Date of Service*: 03/27/2014 Update Result

Alerts/Messages Covered Additional Coverage Non-Covered Limitations Payer Other Summary Plan Description

Health Benefit Plan Coverage

Premium Paid To Date End	01/31/2014	
Period Start	02/01/2014	• HIX GRACE PERIOD. DURING FIRST MONTH OF GRACE PERIOD, CLAIMS WILL BE CONSIDERED AT CONTRACT BENEFITS COMPLIANT WITH ADVANCE PREMIUM TAX CREDIT.
Period End	04/30/2014	• HIX GRACE PERIOD. ACTIVE COVERAGE UNDER GRACE PERIOD. MEDICAL CLAIMS WILL BE PENDED UNTIL FULL PREMIUM IS RECEIVED TIMELY FROM SUBSCRIBER.

If a provider chooses to treat the member, all network contract guidelines must be followed and the provider assumes the risks of non-payment and can only bill the member for the contracted copayments. Paper and electronic remittances will show a claim adjustment reason code 257, which indicates that claims are pending premium payment or the end of the premium payment three-month grace period.

After Three-Month Grace Period

If all premiums due during the grace period are paid in full, claims will be released for payment. If all premiums due are not paid in full by the end of the grace period, the member’s contract is retroactively cancelled. This will be indicated on a remittance with a code of 27 (expenses incurred after the coverage terminated). At this point, a provider can bill the member in full for services rendered during the second and third months of the grace period.

Frequently Asked Questions/Answers

1. How does a member qualify for the three-month grace period?

In order to qualify, a member must:

- Purchase a qualified health plan through the health insurance marketplace; and
- Qualify for and receive a federal subsidy (advance premium tax credit and/or cost sharing reduction); and
- Timely pay the first month's premium.

For the first month of coverage, if the premium is not received, the plan is cancelled. Once the member has timely paid the first month of coverage, he or she is eligible for the three-month grace period.

2. How is the grace period implemented?

Page 1 of this flier outlines how the grace period is implemented. The examples below explain how the grace period works under varying circumstances.

Example – The member has enrolled in a plan that is effective January 1, 2014.

Scenario One: *The member does not pay his or her premium prior to January 10. The member's plan will be cancelled after January 10 due to nonpayment. The cancellation will be retroactive back to the effective date.*

Scenario Two: *The member pays the January premium prior to January 10. This member has now paid for the first month of coverage and is, therefore, eligible for the grace period. However, the member does not pay the February premium by February 1. The three-month grace period is activated. The member now has three months to pay, in full, for the months of February, March and April. If the member pays the February premium before the end of February, he or she is no longer in a grace period. The next premium for March is due by March 1.*

Scenario Three: *The member does not pay premiums in February, March or April. Within two days following the last day of April, the member's plan will officially be cancelled retroactive back to the paid-to date of January 31.*

The member must pay four months of premiums in order to avoid cancellation. This lump sum payment must be received by 4 p.m. on the second business day in the month following the three-month grace period or the contract will be cancelled. We will return "Active – Pending Investigation" in the 271 on these two days.

3. If a member pays his or her premium in full prior to the end of a three-month grace period, can the member default on the premium payment again and enter another grace period?

Yes, the number of times a member can qualify for a grace period is unlimited.

4. Once a member's plan is cancelled, can he or she re-enroll?

Once a member's plan is cancelled, that member cannot re-enroll until an open enrollment period or qualification for a special enrollment event. Examples of special enrollment events include marriage, divorce, or the birth/adoption of a child.