

NOTE: These requirements will directly affect your payments for services, and may impact how you run your practice. See [45 C.F.R. § 156.270\(d\)](#) as amended July 15 and August 30, 2013.

The ACA Grace Period

Lower-income people who buy health insurance coverage through the Health Insurance Marketplace can qualify for [advanced premium tax credits](#) (APTC) to help pay their premiums. As long as an ACA subsidy individual has paid the first month’s premium payment his/her coverage is “effectuated”. Insurers cannot later terminate their coverage for non-payment without first giving them a grace period of three consecutive months (90 days) starting on the premium due date missed.

Insurers are required to pay claims for services rendered during the first month of the grace period. Insurers may pend claims for services rendered in the second and third months, but must continue to treat the member as eligible. The member must make all delinquent payments before claims are released for payment. If the member never pays the premium, the insurer can terminate the member’s coverage, retroactive to day 31 of the grace period. Because the member defaulted on the premium payment, any claims for services rendered in the second and third months (days 31 through 90) will be denied.

The provider should collect payments from members for any services provided during days 31 through 90. *It is very important that providers check eligibility coverage before supplying care to these members.*

Table 1– Sample Premium Payment Cycle

Date	Action	
Feb 5	Qualified Individual selects Plan (\$100 enrollee portion after APTC).	
Feb 15	Enrollee billed \$100 for March coverage.	
Feb 28	Enrollee pays \$100 for March coverage. Coverage effectuated as of 3/1/2014. Member’s record shows ‘Active’	
Mar 15	Enrollee billed \$100 for April coverage	
Apr 1	Enrollee pays \$100 for April coverage.	
Apr 16	Enrollee billed \$100 for May Coverage	
May 1	May payment not received by end of April.	3 Month Grace Period starts <i>(3 consecutive month period – not rolling period)</i>
May 1-31	Month 1 of grace period (Days 1-30) QualChoice sends enrollee a letter explaining the grace period.	Claims processed as usual.
Jun 1-30	Month 2 of grace period (Days 31-60) • <i>Provider should collect payments from members for any care given during days 31 through 60.</i>	Medical and Pharmacy claims on hold. Member’s record shows ‘Delinquent’ <i>May and June premiums must be paid by the end of month 2 for claims to be processed.</i>
Jul 1-31	Month 3 of grace period (Days 61-90) • <i>Provider should collect payments from members for any care given during days 61 through 90.</i>	Medical and Pharmacy claims on hold. Member’s record shows ‘Delinquent’ <i>All outstanding premiums must be paid by the end of month 3. If not paid, we will terminate member’s coverage retroactive to day 31 of the grace period. All claims for care given in the second and third months will be denied.</i>
Aug 1	Enrollee responsible for payment for any care given during the second and third months.	Member’s record shows ‘Terminated’

We expect most of our subsidized members to be compliant and respectful of premium payment due dates. But in the rare case of a member falling into a grace period, we are committed to keeping communication open with providers.

How we will apply and implement the grace period:

- The three-month grace period applies only to people who:
 - ✓ Are enrolled in a [Qualified Health Plan](#) through the Health Insurance Marketplace;
 - ✓ Are getting a federal subsidy (APTC); AND
 - ✓ Have paid their share of their first premium payment

- Members who meet the above criteria will be given a grace period (three consecutive months) to pay their delinquent premium payments. During the grace period, we will not terminate coverage for non-payment of premium.
- Providers should collect payments from members for any services given during days 31 through 90.
- Providers should always check **and** document a member’s eligibility *before* each visit. This is particularly important for patients undergoing ongoing treatment that may cause significant financial hardship if they lose coverage.

Two Ways to Verify Member Eligibility

	Electronic Verification <i>(after provider log-in at QualChoice.com)</i>	Telephonic Verification
Month One <i>(Day 1-31)</i>	Member’s record marked ACTIVE .	We will inform the provider that the member has active coverage and is eligible to receive services.
Month Two <i>(Day 32-60)</i>	Member’s record marked DELINQNT (Delinquent) if all delinquent payments have not been received.	We will inform the provider that the member is in the 3-month grace period and explain how the rules could affect payment for services.
Month Three <i>(Day 61-90)</i>	Member’s record marked DELINQNT (Delinquent) if all delinquent payments have not been received.	If the member does not pay all outstanding premiums by the end of the third month, we will terminate the member’s coverage effective the end of the first month of the grace period (Day 31).
Day 90	Member’s record marked TERMINATED .	