

CMS INTEGRITY STANDARDS OFFER FURTHER DETAILS ON STATE-BASED HEALTH INSURANCE MARKETPLACES

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On Friday, the Centers for Medicare and Medicaid Services (“CMS”) issued a proposed rule addressing various issues relating to exchanges, small business health options program (“SHOP”) and qualified health plan (“QHP”) issuers. Most of the 250+ pages detail proposed standards intended to ensure the oversight and financial integrity of such entities. This post focuses on the provisions addressing consumer protections, applications for individual coverage, and administration of premium tax credits and cost-sharing reductions.

Qualified Health Plan Issuers

Beginning October 1, individuals will be able to shop for QHPs offered by issuers through state-based marketplaces (“Exchange”). QHP issuers that seek to directly enroll individuals through an Exchange will be required to meet certain minimum consumer protection requirements, including ensuring that their websites provide standardized comparative information on each available QHP offered and premium and cost-sharing information, providing summaries of benefits and coverages, identifying whether a plan is a bronze, silver, gold or platinum metal level or a catastrophic plan, disclosing the results of any enrollee satisfaction survey, notifying applicants of the availability of other QHP products through the Exchange, etc. The issuer’s website must clearly distinguish between the QHPs for which the individual is eligible and non-QHPs that the issuer may offer and display a link to or describe how to access the Exchange website. A QHP issuer seeking to directly enroll applicants must also enter into an agreement with the Exchange before its customer service representatives may assist individuals in the individual market with applying for an eligibility determination or redetermination, applying for financial assistance or facilitating the selection of a QHP offered by the issuer. The premium that a QHP issuer charges an enrollee must be the same as was accepted by the Exchange in its certification of the QHP issuer.

QHP issuers will be required to accept a variety of payment formats, including but not limited to, paper checks, cashier’s checks, money orders and replenishable pre-paid debit cards in order to accommodate individuals without a bank account or credit card.

CMS anticipates providing each QHP issuer with a monthly payment and collections report that will include advance payments of the premium tax credit and advance payments of cost-sharing

reductions that the Department of Health and Human Services (“HHS”) is paying to the issuer for each policy as well as any amounts owed by the issuer as adjustments from prior payments. Issuers will have 15 days from the date of the report to confirm the accuracy of the report or describe any discrepancies.

Exchange Eligibility Standards

Individuals who are interested in obtaining health coverage with or without financial assistance (i.e., premium tax credit and cost sharing reductions) through their State Exchange must complete a Health Insurance Marketplace Application. If an applicant does not provide sufficient information on an application for the Exchange to conduct an eligibility determination for enrollment in a QHP or for financial assistance, the Exchange will provide written notice indicating that the information necessary to complete an eligibility determination is missing, specifying the missing information and including instructions on how to provide the missing information. CMS proposes to provide an applicant with between 15 to 90 days to provide the necessary information.

Administration of Advance Payment of Premium Tax Credit and Cost-Sharing Reductions

If a State Exchange that facilitates the collection and payment of premiums to QHP issuers discovers that it did not reduce an enrollee’s premium by the amount of an advance premium tax credit payment, it must refund the excess premium paid by the enrollee within 30 days after discovery of the failure. The Exchange can provide a refund to the enrollee by reducing the enrollee’s portion of the premium in the following month, as long as the reduction is provided within the requisite 30-day period. The same rules apply to a QHP issuer who collects premiums directly from an enrollee and fails to apply the advance payment of the premium tax credit to the enrollee’s portion of the premium. In addition, a QHP issuer who fails to apply a cost-sharing reduction when the cost-sharing is collected must notify the enrollee and refund any excess cost-sharing paid by or for the enrollee within 30 days after discovery of the improper application.

Effective Date

The provisions of the proposed rule are generally effective for 2014.