



Health Insurance Exchanges: Three-Month Grace Period

The Patient Protection and Affordable Care Act (PPACA) requires health insurance plans to provide a three-month grace period before terminating coverage for certain individuals enrolled in a health plan purchased through the Individual Health Insurance Marketplace (also known as Individual Exchange).

The grace period applies to those who receive federal subsidy assistance in the form of an advanced premium tax credit and who have paid at least one full month's premium within the benefit year. The three-month grace period is a required rolling feature of Individual Exchange health plans. It is only triggered when a member that receives federal subsidies does not pay their portion of the monthly premium.

How the Grace Period Works

- **Month One** – UnitedHealthcare will process or pay claims even if the member has not paid their premium.
- **Months Two and Three** – UnitedHealthcare will send a letter to the care provider advising them that the member is delinquent in paying their premium and their claims cannot be processed until the member's full premium payment is received by the end of the three-month grace period.

A copy of the letter is also sent to the member. During this time, the member may not be balanced billed since they still have coverage through the health plan.

- **After Three-Month Grace Period** – If premiums are paid in full within the three-month grace period, claims will be released for processing. If the premium is not paid in full by the end of the grace period, the member's health plan will be retroactively terminated to the end of the first month. Any claims for services received during the second and third months of the grace period will be denied. **This means care providers may not be paid, or may be required to refund any payments made by UnitedHealthcare, for services** the member received in the last two months of the grace period. Care providers would have to seek payment for their services directly from the member. For additional information and tips on managing payments for members who enter a grace period, please see the frequently asked questions section.**

**Some state regulations may require claims payment during the grace period. Texas is one state with this requirement. Any claims payments made for services may be recovered as overpayments under the process described in the care provider's participation agreement.

Here are a two examples showing how claims are handled within the three-month grace period.

EXAMPLE 1



Shelley purchases a UnitedHealthcare Compass benefit plan on the Individual Exchange and receives a subsidy for a portion of her premium. Her plan's effective date is Jan. 1, 2015, and she pays her portion of the premium for January and February. Shelley is now eligible for the three-month grace period.



Shelley is unable to pay her premium for March or April.

March

1

Her three-month grace period begins on March 1, 2015, and claims for dates of service within the month of March are processed by UnitedHealthcare.

May

31

Claims for dates of service on April 1 and after are pended. If a claim comes in, a letter is sent to the care provider notifying them that Shelley's premiums are unpaid with the possibility the pended claims will be denied after the three-month grace period, which ends May 31, 2015.



During the month of May, Shelley pays the full premium due.



Her claims that were previously pended for April and May are reopened for processing.

June

July

August



If Shelly does not pay her monthly premium payment again, another three-month grace period will be triggered. E.g., if she does not pay in June, July or August, her coverage would be retroactively terminated effective July 1, 2015.



EXAMPLE 2



Tim purchases a UnitedHealthcare Compass benefit plan on the Individual Exchange and receives a subsidy for a portion of his premium. He pays his first month's premium for his plan to become effective Jan. 1, 2015. He also pays his portion of the premium for Feb.



However, Tim does not pay his premium for March, April and May.

March

1

Tim is eligible for a three-month grace period, which begins on March 1, 2015. Claims for dates of service within the month of March are processed by UnitedHealthcare.

May

31

Claims for dates of service on April 1 and after are pended. If a claim comes in, a letter is sent to the care provider notifying them that Shelley's premiums are unpaid with the possibility the pended claims will be denied after the three-month grace period, which ends May 31, 2015.



At the end of the three-month grace period, Tim's portion of the premium is still outstanding. His health plan is retroactively terminated April 1, which is the end of the first month of the three-month grace period.



Claims previously pended are reprocessed and denied for no member coverage. In this case, care providers would have to seek payment for their services directly from Tim.

Verifying Eligibility and Benefits

Because patients may move between different coverage options throughout the year due to changes in family size or income, please remember to verify patient eligibility and benefits at the time of each visit. There are three ways to determine a patient's eligibility:

Patient Search

Eligibility for: (click on pulldown menu for next patient) [View Patient's ID Card](#) [View Health Messages](#)

Subscriber #:	123456789	Effective Date:	mm/dd/yyyy
Group #:	123456	Termination Date:	mm/dd/yyyy
Product:	Choice Plus	Funding Status:	Not Available
Insurance Type:	Commercial	Eligible for Language Assistance:	No
Electronic Payer ID:	Child	Verbal Language Preference:	
Claims Address:	P.O. Box 12345 Anytown, NY 12345	Written Language Preference:	
HRA Balance:	Not Available	Exchange participant claim eligible through:	mm/dd/yyyy

1 We added an "Exchange participant claim eligible through date" at the bottom-right of the Eligibility and Benefits screen for care providers to indicate if the member has paid premiums in full or is delinquent. If the "claim eligible through date" has passed, the member is in a grace period pending termination due to payment default. The "claim eligible through date" is the beginning of the three-month grace period, and claims would only be paid for one month out of the three if the member's coverage is terminated due to non-payment.

2 UnitedHealthcare Provider Services will confirm member eligibility when you call.

3 If a claim is submitted, or a pre-authorization is requested, the practice's office will receive a letter alerting them that the member is not current on their premium, and the claim cannot be processed until payment is received.

For family coverage: please note that a member's dependents may be on a different policy. Therefore, claims for a dependent may not be pended if they are on a separate policy which is in good standing.

Three-Month Grace Period Frequently Asked Questions

Q1. How will a care provider know which of their patients are in a UnitedHealthcare Individual Exchange plan?

- A. Individual Exchange plans are identified on the bottom-right of members' identification cards. Contact UnitedHealthcare to verify patient eligibility and benefits at the time of each visit.

Q2. Does the three-month grace period apply to all patients enrolled in an Individual Exchange plan?

- A. No, the three-month grace period only applies to UnitedHealthcare Compass Individual Exchange plan members who are receiving advanced premium tax credits. It does not apply to UnitedHealthcare Compass Individual Exchange plan members who are NOT receiving advanced premium tax credits.

Q3. Will UnitedHealthcare retroactively terminate a member's coverage after observing the three-month grace period?

- A. Yes. If the premiums are not paid in full, the termination date will be effective at the beginning of the second month of the grace period.

Q4. What are some ways care providers can communicate with patients who do not consistently pay their premiums or pay their premiums in full?

- A. UnitedHealthcare will send notice to care providers about a member's grace period status when applicable. Additionally, an "Exchange participant claim eligible through date" field was added for care providers on the Eligibility and Benefits screen on UnitedHealthcareOnline.com to indicate if the member has paid their premiums in full or is delinquent. Care providers can confer with legal counsel about strategies to improve premium compliance for your Exchange patients in the grace period.

Q5. Under the terms of a UnitedHealthcare participation agreement, can a care provider balance bill the member for denied claims due to termination of coverage?

- A. Yes. Care providers may seek payment from the member once coverage is terminated up to the amount of billed charges for services rendered.

Q6. Are care providers required to offer care to members during the three-month grace period?

- A. PPACA requires insurers to observe the three-month grace period before coverage can be terminated. Therefore, the member's coverage is still active until such time their coverage is officially terminated.

Consistent with the requirements of participation agreements and the UnitedHealthcare Physician, Healthcare Professional, Facility and Ancillary Provider Administrative Guide, care providers cannot discriminate against a UnitedHealthcare member on the basis that the patient is a customer of UnitedHealthcare or its affiliates, or on the basis of race, ethnicity, national origin, religion, sex, age, mental or physical disability or medical condition, sexual orientation, claims experience, medical history, evidence of insurability, disability, genetic information, or source of payment.

Care providers may confer with their legal counsel about developing or continuing their own practice of securing patient consent forms, outlining the patient's financial responsibility in cases when UnitedHealthcare denies coverage.

Q7. If a member enters the three-month grace period, what happens to claims for services rendered during the second and third months of the grace period if the premium payment is not received? Will the care provider face reprocessing of any paid claims?

- A. The three-month grace period is rolling and triggered when Individual Exchange members who receive federal subsidy assistance in the form of an advanced premium tax credit have paid their portion of at least one full month's premium within the benefit year, but then miss a monthly payment. Claims are paid during the first month of a grace period but are pending during months two and three. The rolling trigger feature of a grace period means that if a member pays for six months and then doesn't pay in July, they enter the three-month grace period during which they can either pay their premium or have their plan terminated retroactively.

In this July scenario, if the member does not pay the premium and coverage is terminated, any claims for services received during the second and third months of the grace period will be denied. In this case, claims for August and September would be denied. UnitedHealthcare pends these claims for the second and third month in most instances but a care provider may be required to refund any payments made by UnitedHealthcare for services the member received in the last two months of the grace period when coverage is terminated. Care providers are able to seek payment directly from the member for services offered in months two and three of a grace period once claims are denied and coverage is terminated.

Q8. How does the three-month grace period work in states that require claims payments during the entire grace period?

- A. Some state regulations require claims payment during the entire grace period. Texas is one state with this requirement. Any claims payments made for services may be recovered as overpayments under the process described in the care provider's participation agreement.

Here is how the grace period works in Texas for 2015:

- **Months One, Two and Three** – UnitedHealthcare will process or pay claims even if the member has not paid their premium. UnitedHealthcare will send a letter to the care provider advising them that the member is delinquent in paying their premium.
- **After Three-Month Grace Period** – If the premium is not paid in full by the end of the grace period, the member's health plan will be retroactively terminated to the end of the first month. This means care providers may not be paid, or may be required to refund payments made by UnitedHealthcare for services the member received during the grace period. Care providers would have to seek payment for their services directly from the member.

For additional information and tips on managing payments for members who enter a grace period, please see the Texas-specific three-month grace period quick reference guide, available at UnitedHealthcareOnline.com > *Tools & Resources* > *Products & Services* > *UnitedHealthcare Compass*.

If you have questions, please contact Provider Services at 877-842-3210. Thank you.