

State of Idaho
DEPARTMENT OF INSURANCE

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WILLIAM W. DEAL
Director

BULLETIN NO. 13-05

DATE: December 11, 2013

TO: Disability/Health Insurance Carriers in Small Group or Individual Markets

FROM: William W. Deal, Director

SUBJECT: Option to Renew Non-grandfathered Plans in Existence October 1, 2013

This bulletin to carriers in the small employer and individual health insurance markets modifies Bulletin No. 13-01 regarding the discontinuation of non-grandfathered health plans upon renewal in 2014.

Bulletin No. 13-01 required carriers to discontinue non-grandfathered individual and small group plans upon renewal after December 31, 2013. Due to new federal guidance concerning the implementation of the Affordable Care Act (ACA) and Governor Otter's announcement on December 4, 2013, the Department of Insurance (DOI) will allow carriers the option in 2014 of renewing non-grandfathered individual and small employer policies in existence on October 1, 2013. Under this option, one-time renewals of non-grandfathered plans will be allowed for plan years beginning on or before October 1, 2014. This allowed renewal must be effectuated by the current carrier with no changes to the selected plan benefit options. Current non-grandfathered plans must not be sold to new enrollees with effective dates after December 31, 2013.

The non-grandfathered transitional plans renewed under this option, sometimes designated as "grandmothered" plans, are not required to contain the ten essential health benefits (EHB), or to adopt the rating structure of the fully ACA compliant plans as provided in the November 14, 2013, CCIIO letter to insurance commissioners. However, the grandmothered plans must comply with the following ACA provisions upon renewal on or after January 1, 2014:

- Elimination of annual dollar limits on EHB as defined by the Idaho benchmark plan, to the extent the grandmothered plans cover EHB
- No pre-existing condition exclusion (small groups)
- Waiting periods not to exceed 90 days (small groups)
- Mental health parity rules (individual plans upon renewal July 1, 2014 or later; not applicable to small group plans)

Since the ACA single risk pool regulations do not apply to the transitional or grandfathered plans, Idaho Code requires that these transitional plans and the grandfathered plans would normally comprise a single risk pool within the individual or

small group market; the latter subject to permitted class variation. Due to the transitional nature of the grandmothers policy renewals, the DOI encourages and requests carriers to either keep policyholders at the same effective rate or, if seeking to change, to file abbreviated rate filings to streamline the review process. Any abbreviated rate filings may account for only reasonable medical trend and new ACA related taxes and fees but may not modify plan relativities or case characteristic factors. Any favorable claims experience can be reflected in the medical trend. Renewal premiums are permitted to account for changes in case characteristics such as age or geographic location but not increases to risk loads. This request is considered guidance issued by the Director, as provided for under IDAPA 18.01.69.036.14 and IDAPA 18.01.72.036.15. The DOI finds that these guidelines are appropriate given the temporary transitional nature of these policies and that they help further the express purposes of the Small Employer Health Insurance Act and the Individual Health Insurance Act, which are to:

promote the availability of health insurance coverage to [small employers and persons] regardless of their health status or claims experience, to prevent abusive rating practices, to require disclosure of rating practices to purchasers, . . . to establish limitations on the use of preexisting condition exclusions, . . . and to improve the overall fairness and efficiency of the [small group and individual] health insurance market.

Carriers who elect to offer 2014 renewals of these existing plans, the grandmother option, are required to provide notice to any individuals and small businesses that have received a discontinuation letter. The notice, available on the Department [website](#), informs the individual or small employer of the option to renew the existing coverage or to enroll in a new plan on or off Your Health Idaho, Idaho's exchange, and also includes the information that some ACA market reforms are not included in their current plans. The notice must be used without modification, and must be mailed without any other materials except for a cover letter, which may include the renewal premium. A similar notice is available on the Department's [website](#) to send to individuals or small employers in grandmothers plans who have not received a discontinuation notice at their 2014 renewal; this notice must also be sent without modification and without other materials except for a cover letter. The Department has provided two versions of each notice referenced above: one for small employers and one for individuals. Bracketed information within the notices is optional for carriers to include.

The Department encourages carriers and their agents to proactively assist Idaho consumers to understand their different options and to make a decision to best suit their health insurance needs. If you have questions concerning this bulletin, please contact Kathy McGill or Wes Trexler at the Department of Insurance.