

## POLICY AND PROCEDURE

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Effective Date: August 2016  
Last Review: July 2019



### TITLE: GRACE PERIOD TIMELINES AND ENROLLMENT TERMINATIONS

<b>Department:</b>	Operations Strategy Eligibility	<b>Department Head:</b> (Name and Signature)	 Evelyn Olatunbosun
<b>Approval Date:</b>	7/30/19	<b>Next Review Date:</b> (12 months from approval date)	July 2020
<b>Compliance/Executive Approval:</b>			
<b>Name :</b> <i>Devona J Williams</i>		<b>Date:</b> 7/31/19	

**APPLIES TO:** ☐ MEDICAID ☐ CHIP/ CHIP P ☒ HEALTH INS ☐ OTHER  
☐ STAR+PLUS ☐ IDD ☐ DSNP ☐ MARKETPLACE ☐ MMP

#### PURPOSE:

To comply with title 45, section 156.270 of the Code of Federal Regulations (CFR). Community Health Choice (Community) will follow the defined timelines for subscribers in grace periods as well as enrollment terminations for non-payment.

#### POLICY:

All enrollments will be subject to the grace period and termination policy and procedures through system protocols in Softheon, as directed by Community.

Grace periods will not be granted for payment of binder payments.

For subscribers who receive Advance Premium Tax Credits (APTC), Community will provide a grace period of 3 consecutive months, who fail to timely pay premiums and receive APTC; Community will pay all appropriate claims for services rendered during the first month of grace period. Claims submitted in the second and third month of a subscriber's grace period will be paid and recovered from the Provider should the subscriber terminate for non-payment. Community notifies HHS of such non-payment and Providers of the possibility of denied claims when the subscriber is in the second and third months of the grace period. Community will notify Providers within the first month of the grace period and through months two and three.

APTC, Cost Sharing Reduction (CSR) and user fees payments received from CMS will be noted on the subscriber's account. At the end of the third month, plus five calendar days after, the subscriber will be retro-terminated to the last day of the first month of grace period. Overpayments of APTC, CSR and user fees will be automatically reconciled by CMS in the form of adjustments on the HIX-820 feed and report.

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Members who do not receive APTC, the grace period will span one month. If the subscriber's portion of the premium payment is not received by the end of the month, coverage will be (are) terminated retroactively to the paid through date.

Providers will be notified of the Member's grace period during eligibility verification calls. Providers can also verify Member's grace period through Community's Provider portal.

### DEFINITIONS:

**CSR** – Cost-sharing Reduction is a discount that lowers the amount Members have to pay out-of-pocket for deductibles, coinsurance, and copayments. Members also have a lower out-of-pocket maximum. Members are able to get these savings if their income is below a certain level, and only if they choose a health plan at the Silver level.

**User Fees** - The Department of Health and Human Services (HHS) requires issuers to pool all user fee costs across their applicable market in a state to help prevent adverse selection on the Marketplace, the rate will be 3.5 percent of the QHP's.

**HIX-820** - The Health Insurance Portability and Accountability Act (HIPAA) was passed in 1996. This legislation requires that health insurance payers in the United States comply with the Electronic Data Interchange (EDI) standards for health care, established by the Secretary of Health and Human Services (HHS). For the health care industry to achieve the potential administrative cost savings with EDI, standard transactions and code sets have been developed and need to be implemented consistently by all organizations involved in the electronic exchange of data. The ANSI X12N 820 Premium Payment Order/Remittance Advice transaction implementation guide provides the standardized data requirements to be implemented for this transaction.

**Advance Premium Tax Credit** - Also known as Advance payments of the Premium Tax Credit (APTCs) can be used by eligible consumers who are enrolled in QHPs through an individual market Marketplace to lower their monthly premium costs. Eligible consumers may choose how much APTC to apply to their premiums each month, up to a maximum amount, which is then paid directly to the insurer. The APTC must be reconciled with the Premium Tax Credit (PTC) on an individual's federal income tax return. If the APTC amount received for the year is less than the PTC, the individual will receive the difference as a higher refund or lower tax due. If the APTC amount received for the year is more than the PTC, the excess advance payments may have to be repaid with the consumer's tax return. Claims submitted in the second and third month of a subscriber's grace period will be paid and recovered from the provider should the subscriber terminate for non-payment.

### Non-APTC and Off-Exchange

The grace period begins after the first month of payment delinquency and extends until the end of the month. At the end of the month, the subscriber must be current with the paid



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through date extended to the end of the month. If not, the subscriber will terminate for non-payment retroactive to the paid through date.

### PROCEDURE:

<u>Responsible Party (Who)</u>	<u>Step</u>	<u>Action Taken (Does What)</u>
Call Center Staff		Will notify Providers of Member's grace period during eligibility verification calls.
Providers		Can verify Member's grace period through their Provider portal.
Softheon	A	Softheon will process Cancellations and Terminations on the 5th day of each month.  Notices for Grace Period and Terminations will be automatically sent to Softheon's fulfillment department for printing and mailing out.
Softheon	B	Softheon will post notices for Grace Periods and Terminations in the Subscriber Folders within Softheon's Member portal.

### MONITORING:

For Termination/ Cancellation for Non-Payment, a Pre-Termination QA and Post-Termination/ Cancellation QA are completed. Pre-Termination QA is completed on the day before the carrier-configured grace period is complete. Post-termination/cancellation QA is completed the next day.

### REPORTING:

<u>Name of Report</u>	<u>Frequency of Report</u>	<u>Owner</u>
Termination for Non-Payment: Update Subscriber Status Audit (Pre-QA)	Monthly / Ad-Hoc	Softheon: Remedy Gregory Bloom
Termination for Non-Payment: Expected Terms (Post-QA)	Daily (At the Beginning of the Month)	Softheon: Remedy Product Manager

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<u>Name of Report</u>	<u>Frequency of Report</u>	<u>Owner</u>
Termination for Non-Payment: Expected Terms Details (Post-QA)	Daily (At the Beginning of the Month)	Softheon: Remedy Product Manager
Payment Processing Report	Ad Hoc	Finance – the report shows Member status
HIX-820	Monthly	Finance – the report shows adjustments based on terminated Membership

### ATTACHMENT(S):

ATTACHMENT A - Softheon Termination and Cancellation Policy and Procedure



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