

# Premium grace-period rule may leave physicians with unpaid claims

MAY 3, 2017

Staff News Writer

---

New regulations designed to help exchange insurers stay solvent, by compelling continuing enrollees to pay past-due premiums, leave physicians uncertain about how soon—if ever—they can expect to be paid.

The AMA says the Centers for Medicare and Medicaid Services (CMS) should provide as much clarity and certainty to physicians as it does to health plans and enrollees regarding a recently issued final rule meant to stabilize the Affordable Care Act (ACA) individual and small-group insurance markets. The rule would bar enrollment in any of an exchange insurer's products until past-due premiums are paid. Physicians are caught up in a complication caused by the grace-period regulation that leaves a patient still eligible for coverage—provided the past-due amount is paid—but can render the physician unable to collect from the insurer for two months of claims if the debt is never cleared.

“We agree steps must be taken promptly to stabilize the individual insurance market,” said AMA President Andrew W. Gurman, MD, but regulations “still need to address the resulting inequity of the ACA’s grace period, which allows issuers to collect unpaid premiums for months in which health care services were provided but not actually covered by insurance.”

CMS issued the final rule containing regulations that give exchange health plans new clout in collecting unpaid premiums. Insurers—unless prohibited by a state—can now refuse to re-enroll a patient until an unpaid premium debt is paid. The regulations are designed to address concerns that enrollees could game the grace periods, especially by skipping premiums near the time to re-enroll. “We believe this interpretation will have a positive impact on the risk pool by removing economic incentives individuals may have had to pay premiums only when they were in need of healthcare services,” the final rule says. It takes effect June 19 and includes other ACA regulations. Among them is a reduced annual enrollment period of six weeks, which the AMA criticized as too short for consumers.

The grace periods at issue are long by traditional health insurance industry standards and the number of ACA enrollees they apply to is large. The ACA allows enrollees receiving advance premium tax credits to have a three-month grace period during which they remain enrolled. That provision applied to an estimated 9.4 million enrollees in 2016, according to the Kaiser Family Foundation. However, plans stop payments on claims after one month. Physicians, for example, if not told in a timely manner or already committed to providing a course of treatment for a patient, run the risk of not getting paid by health plans for a patient who is ostensibly still on the health plan's books. It is then up to the physician to collect the fee from the patient.

The notion that a stable health care delivery system relies on full and timely payment of what's owed to everyone was made clear by the AMA in a March 7 letter to CMS about the then-proposed rule. "CMS is proposing to make an insurer who is owed past premiums whole," AMA CEO and Executive Vice President James L. Madara, MD, wrote. "Then physicians who have treated an enrollee under these circumstances should also be paid."

In the comments section of the final rule, CMS addresses that issue, though not the detail likely to reassure physicians. "Issuers are required to pay all appropriate claims for services rendered to the enrollee during any months of coverage for which past-due premiums are collected," said CMS, but the agency offered no specifics on how timely the payments would be or any other claims guidance. Similarly, CMS cited a pre-existing regulation, but without adding detail, that health plans "must notify providers of the possibility for denied claims when an enrollee is in the second and third months of the grace period."

On that last point, CMS signaled it was at least open to further discussion. "We will consider whether to make changes regarding provider notification requirements in the future," the rule says.

## More on this

- | Time is short for critical action to stabilize individual market
- | Health reform: Patients deserve a healthier individual market