



# Oregon

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Department of Consumer and Business Services

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## OREGON INSURANCE DIVISION BULLETIN INS 2013-1

DATE: February 22, 2013

TO: Carriers Renewing or Issuing Non-Grandfathered Individual Health Benefit Plans

RE: Coverage Effective Periods for Non-Grandfathered Individual Health Benefit Plans

The Oregon Insurance Division issues this bulletin to carriers to facilitate a transparent and timely implementation of changes to non-grandfathered individual health benefit plans required by the Affordable Care Act (ACA). Federal regulations promulgated by the U.S. Department of Health and Human Services (HHS) to address market reforms take effect for plans issued on or after January 1, 2014. The division will require all non-grandfathered individual health benefit plans to reflect 2014 ACA market reforms no later than April 1, 2014. The following guidance describes a transition plan for non-grandfathered individual coverage issued on or after April 1, 2013. The director will exercise his authority under ORS 731.236, 731.244, 743.769, and 743.773 to issue emergency rules consistent with the guidance provided herein.

### Non-Grandfathered Individual Health Benefit Plans Issued in 2013

#### *Coverage Effective Periods*

Coverage issued or renewed with an effective date on or after April 1, 2013 must terminate no later than March 31, 2014. A carrier may comply with the requirement by:

1. Issuing a short-term policy that terminates no earlier than December 31, 2013 but no later than March 31, 2014;
2. Extending an existing policy through December 31, 2013; or
3. Issuing and renewing policies in accordance with current carrier practices, but discontinuing all in-force plans effective December 31, 2013.

#### *Modification/Discontinuance of Non-Grandfathered Individual Coverage*

All short-term policies issued pursuant to number 1 above, all existing policies extended pursuant to number 2 above, and all policies issued or renewed pursuant to number 3 above, must be discontinued according to the requirements of ORS 743.766(5)(e) and (g) effective by the date coverage under the policy is scheduled to terminate.

#### *Adjustments to Deductibles, Out-of-Pocket Limitations, and Other Accumulators*

A carrier issuing a short term policy must pro-rate plan-year deductibles, dollar or visit limits, and out-of-pocket limitations based on the number of months in the term of the policy. An endorsement must be included in the policy to reflect the pro-rated accumulators. This requirement does not apply to short-term policies with calendar year accumulators.

- **Short-term policy example:** A plan with a \$5,000 plan-year deductible is issued on July 1, 2013 with a March 31, 2014 expiration date, a 9-month policy period. The endorsement will pro-rate the \$5,000 plan-year deductible by a factor of 9/12, resulting in a \$3,750 deductible for the 9-month period.

A carrier extending existing in-force policies may not alter existing policy terms, including plan-year deductibles, dollar or visit limits, and out-of-pocket limitations to reflect a plan year longer than 12 months. Calendar year accumulators must also remain unchanged for extended policy periods.

- **Extended policy example:** A plan with a \$5,000 plan-year deductible is extended from the original expiration date of September 30, 2013 to December 31, 2013, a 3-month extension. The \$5,000 deductible remains in effect through December 31, 2013.

### ***Policyholder Disclosures***

When issuing or renewing non-grandfathered individual coverage on or after April 1, 2013 and prior to December 31, 2013, carriers must disclose the following in a form and manner approved by the division:

- The date coverage under the plan will end.
- Information regarding the 2014 open enrollment period, October 1, 2013 through March 31, 2014, and the options to purchase 2014 coverage through either Cover Oregon or the outside market. This information must be substantially similar to the language shown in the attached templates and displayed prominently at the top of the endorsement, in bold font and capital letters.
- An explanation of any applicable pro-rated deductibles, limits, or out-of-pocket limitations.

The division strongly encourages carriers to provide an accompanying notification letter at policy issuance or renewal that contains the same information required in the endorsement.

### ***Form Filing Requirements***

To facilitate the timely implementation of the policy changes and disclosures described above, the division developed endorsement templates for use by carriers. The templates are attached at the end of this document. Effective immediately, carriers may use these templates without modification to the endorsement language and without prior approval from the division. Carriers using the templates must submit an informational filing to the division, through the System for Electronic Rate and Form Filing (SERFF), no later than March 15, 2013 that includes a company logo or other identifying information. Carriers must also include a copy of the notification letter that will accompany the endorsement with the informational filing.

Carriers that choose to use independent endorsements must file these forms with the division for prior approval, using the established filing standards and process. The division encourages prompt filing of independent endorsements to ensure compliance with the required policy changes, but the timing of approval cannot be guaranteed.

### ***Rate Filing Requirements***

Carriers extending existing policies must use existing approved rates through December 31, 2013. For short-term policies, carriers must apply their approved rates in effect for the relevant effective date (i.e., a short-term policy issued on October 1, 2013 must reflect the approved rates for policies effective October 1, 2013).

## **Non-Grandfathered Individual Health Benefit Plans Issued in 2014**

### ***Coverage Effective Periods***

Coverage issued on or after January 1, 2014 must terminate no later than December 31, 2014. Carriers may modify these policies according to Oregon law for January 1, 2015 renewal.

### ***Deductible and Out-of-Pocket Limitation Adjustments***

Deductibles, annual dollar or visit limits, and out-of-pocket limitations must accrue on a calendar year basis in 2014 and are not required to be pro-rated for policy periods shorter than 12 months.

### ***Policyholder Disclosures***

When issuing or renewing coverage to individuals on or between January 1, 2014 and December 31, 2014, carriers must disclose the following in a form and manner approved by the division:

- The date coverage under the plan will end.
- Information regarding the 2015 open enrollment period, October 15, 2014 through December 7, 2014, and ability to purchase coverage effective January 1, 2015 through either Cover Oregon or the outside market. This information must be substantially similar to the language shown in the attached templates, with the exception of changes in dates, and displayed prominently at the top of the endorsement, in bold font and capital letters.

### ***Form Filing Requirements***

To facilitate the timely implementation of the policy changes and disclosures described above, the division developed endorsement templates for use by carriers. Carriers may use these templates, without modification to the endorsement language other than to reflect 2014 dates, and without prior approval from the division. Carriers must submit an informational filing to the division that includes a company logo or other identifying information.

Carriers that choose to use independent endorsements must file these forms with the division for prior approval, using the established filing standards and process. The division will establish a filing due date for these endorsements but encourages prompt filing of independent endorsements to ensure timely approval and compliance with the required policy changes.

### ***Rate Filing Requirements***

Rate filings should be made in accordance with federal and state statutes and regulations, as well as guidance outlined in the division's product standards. Rates for coverage issued on or after January 1, 2014 should be the same regardless of the effective date of coverage.

### **Questions**

Please direct form and plan filing questions to Rhonda Saunders-Ricks at 503-947-7270 or [rhonda.i.saunders-ricks@state.or.us](mailto:rhonda.i.saunders-ricks@state.or.us) and rate filing questions to Laura Cali at 503-947-7211 or [laura.n.cali@state.or.us](mailto:laura.n.cali@state.or.us).

This bulletin takes effect immediately.

Dated this 22<sup>nd</sup> day of February 2013 at Salem, Oregon

Signed  
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Louis D. Savage, Insurance Commissioner  
Oregon Insurance Division

[Company name]  
Contract Extension  
Individual Plan Endorsement Statement

**2014 OPEN ENROLLMENT WILL BEGIN ON OCTOBER 1, 2013 AND END ON MARCH 31, 2014. IF YOU PURCHASE A POLICY THROUGH OREGON'S HEALTH INSURANCE EXCHANGE, COVER OREGON, YOU MAY BE ELIGIBLE FOR A SUBSIDY AND/OR TAX CREDITS BASED ON YOUR INCOME. CONTACT COVER OREGON AT 1-855-COVEROR (1-855- 268-3767) OR YOUR INSURANCE AGENT FOR MORE INFORMATION.**

**This endorsement changes your [family's] policy issued or renewed on [insert original contract effective date]. Please read it carefully.**

For the purpose of this endorsement the following definition applies.

The **Contract Year** means the period of time beginning on the effective date of the policy and continuing for 12 months or until the anniversary date of your policy, whichever occurs earlier.

The following individual policy provision is modified:

- a.) The **Contract Year** has been extended for a period of [one to nine] months and will end no later than December 31, 2013.

You have the right to cancel this policy at anytime during a **Contract Year**. In the event that you cancel your policy before December 31, 2013, this endorsement does not apply.

Throughout the extended policy period, all other terms, benefits and premiums will remain the same as when the policy was issued.

If you are interested in purchasing a new plan effective January 1, 2014, open enrollment will begin on October 1, 2013 and end on March 31, 2014. If you purchase a policy through Oregon's health insurance exchange, Cover Oregon, you may be eligible for a subsidy and/or tax credits based on your income. Contact Cover Oregon at 1-855-CoverOR (1-855-268-3767) or your insurance agent for more information.

If you have any questions about this Endorsement, please contact [Customer Service at Phone number, TTY or e-mail address].

[Company name]  
Pro-Rated Out of Pocket Maximum  
Individual Plan Endorsement Statement

**2014 OPEN ENROLLMENT WILL BEGIN ON OCTOBER 1, 2013 AND END ON MARCH 31, 2014. IF YOU PURCHASE A POLICY THROUGH OREGON'S HEALTH INSURANCE EXCHANGE, COVER OREGON, YOU MAY BE ELIGIBLE FOR A SUBSIDY AND/OR TAX CREDITS BASED ON YOUR INCOME. CONTACT COVER OREGON AT 1-855-COVEROR (1-855- 268-3767) OR YOUR INSURANCE AGENT FOR MORE INFORMATION.**

**This endorsement changes your [family's] policy issued or renewed on or after April 1, 2013. Please read it carefully.**

The definitions in your individual plan policy may differ slightly, but the core meaning is consistent with the following terms. For the purpose of this endorsement the following definitions apply:

The **Contract Year** means the period of time beginning on the effective date of the policy and continuing for 12 months or until the anniversary date of your policy, whichever occurs earlier.

The **Out of Pocket Maximum** is the maximum dollar amount of aggregate out of pocket expenses you must pay in a contract year for your **Deductible**, copayments, and coinsurance.

The **Deductible** is the amount you must pay before you receive any benefits for specified services in a **Contract Year**.

The following individual policy provisions are modified:

- a.) The **Contract Year** is modified to end no later than [Choose a date between December 31, 2013 through March 31, 2014].

[ b.)For plan-year accumulators:

The **Out of Pocket Maximum** applicable to your policy will be pro-rated based on the number of months the policy is effective through [Choose a date between December 31, 2013 through March 31, 2014].

Example: your policy is issued or renewed effective October 1, 2013 and your **Out of Pocket Maximum** is \$12,000.00. The **Contract Year** will end on March 31, 2014 and will be in force for a six-month period. Due to the modifications of this Endorsement, the **Out of Pocket Maximum** will be reduced to \$6,000.00 (6/12 x \$12,000.00), based on the six months your policy will be in force.

*Drafter's note: For calendar year accumulators, item b is not required.]*

You have the right to cancel this policy at anytime during a **Contract Year**. In the event that you cancel your policy before [Choose a date between December 31, 2013 through March 31, 2014], this endorsement does not apply.

The premium you pay will not be affected by this Endorsement.

If you are interested in purchasing a new plan effective January 1, 2014 [*Drafter's note: Included only for contracts terminating after December 31, 2013.* , prior to the end of your new **Contract Year** ([Choose a date between January 1, 2014 through March 31, 2014)]], open enrollment will begin on October 1, 2013 and end on

[Company form number]

March 31, 2014. If you purchase a policy through Oregon's health insurance exchange, Cover Oregon, you may be eligible for a subsidy and/or tax credits based on your income. Contact Cover Oregon at 1-855-CoverOR (1-855-268-3767) or your insurance agent for more information.

If you have any questions about this Endorsement, please contact [Customer Service at Phone number, TTY or e-mail address].