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DATE: March 24, 2020

TO: All Qualified Health Plan and Stand-alone Dental Plan Issuers on the Federally-facilitated Exchanges and State-based Exchanges on the Federal Platform

FROM: Randy Pate
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SUBJECT: Payment and Grace Period Flexibilities Associated with the COVID-19 National Emergency

On March 13, 2020, the President declared that the outbreak of the coronavirus (COVID-19) in the United States constitutes a national emergency beginning March 1, 2020.¹ The Centers for Medicare & Medicaid Services (CMS) will provide states and issuers flexibility to protect the health and safety of new and existing enrollees in the Federally-facilitated Exchanges (FFE)² and State-based Exchanges on the Federal Platform (SBE-FPs)³ during the COVID-19 national emergency. Similar to flexibility CMS provided during previous major emergencies, namely FEMA-declared emergencies and disasters, CMS will exercise enforcement discretion as described below to permit issuers of qualified health plans (QHPs) and stand-alone dental plans (SADPs) to extend payment deadlines for initial binder payments as well as ongoing premium payments during the period of the COVID-19 national emergency.⁴

Consumer Payments and Grace Period Extensions. If an FFE or SBE-FP issuer, in connection with the COVID-19 emergency, extends premium payment deadlines and delays cancellations or terminations of coverage for non-payment of premiums with the permission of the applicable state regulatory authority, CMS will exercise enforcement discretion with regard to regulatory premium payment requirements regarding the deadline for payments to effectuate coverage under 45 CFR 155.400(e) and the deadline under 45 CFR 156.270(g) for termination of coverage after the exhaustion of grace periods, including for individuals receiving the benefit of advance payments of the premium tax credit (APTC). CMS encourages State-based Exchanges to take a similar approach.

¹ See Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak, issued March 13, 2020, <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>.

² FFE states for the 2020 Plan Year are AL, AK, AZ, DE, FL, GA, HI, IL, IN, IA, KS, LA, ME, MI, MO, MS, MT, NE, NH, NC, ND, OH, OK, SC, SD, TN, TX, UT, VA, WV, WI, and WY.

³ SBE-FP states for the 2020 Plan Year are AR, KY, NJ, NM, NM, OR, and PA.

⁴ On January 31, 2020, the Secretary of Health and Human Services also declared a public health emergency in response to COVID-19 under section 319 of the Public Health Service Act, 42 U.S.C. 247d. The non-enforcement policy announced in this document will continue as long as either the COVID-19 national emergency or the section 319 public health emergency are in effect.



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This enforcement policy allows issuers to extend payment deadlines and delay the beginning of any applicable grace period. Once a grace period is triggered, however, the basic requirements applicable to the grace period would remain unchanged. In the case of grace periods for enrollees receiving APTC when they fail to timely make payments, issuers must pay all appropriate claims for services rendered to the enrollee during the first month of the three-month grace period and may pend claims for services rendered to the enrollee in the second and third months. Issuers must also notify providers of the possibility for denied claims when an enrollee is beyond the first month of the grace period. Once the three-month grace period expires, issuers must notify HHS of terminations for non-payment, which will result in issuers' return of APTC for the second and third months of an exhausted grace period.