

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

BULLETIN NO.: 7-2016

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL MEDICAL SERVICE CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND COMPANY TRADE ASSOCIATIONS AND OTHER INTERESTED PARTIES.

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: TRANSITIONAL POLICIES EXTENSIONS TO ACA IN THE NON-GRANDFATHERED INDIVIDUAL AND SMALL GROUP MARKET

DATE: APRIL 13, 2016

This Bulletin replaces and supersedes AID Bulletin # 6-2014 which adopted a March 14, 2014 Centers for Medicare & Medicaid Services (CMS) extension policy to various ACA mandates, described in the March 14, 2014 CMS guidance, for non-grandfathered coverage in the small group and individual health insurance markets. The March 14, 2014 CMS guidance provided a transitional policy for two years – to policy years beginning on or before October 1, 2016 – in the non-grandfathered small group and individual markets. The Arkansas Insurance Department (AID) adopted the extended transitional policy for both of these markets in AID Bulletin # 6-2014, and, in addition, accepted the transitional relief policy for large businesses that purchased insurance in the large group market for policy years beginning on and after January 1, 2016 which will be redefined as small businesses purchasing insurance in the small group market.

On February 29, 2016, CMS issued another guidance related to these extensions which explains that “States may permit issuers that have renewed policies under the transitional policy continually since 2014 to renew such coverage for a policy year starting on or before October 1, 2017; however, any policies renewed under this transitional policy must not extend past December 31, 2017.” CMS further offers States the following option(s) related to these extensions:

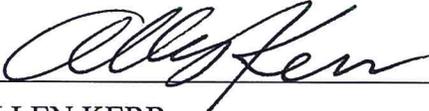
“States can elect to extend the transitional policy for shorter periods than outlined above (but may not extend it beyond these periods). Furthermore, States may choose to adopt the extended transitional policy in the following manner:

- For both the individual and the small group markets;
- For the individual market only; or

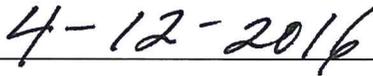
- For the small group market only.”

AID adopts the extended transitional policy in the February 29, 2016 CMS guidance for both the non-grandfathered individual and small group markets. Transitional policy issuers, in both the non-grandfathered individual and small group market, are however free, but are not required to, transition these policies to the required ACA mandates or reforms within a shorter period or time in their discretion. However, for affected non-grandfathered transitional policy issuers in the individual and small group market, wanting the longest, possible extension to the mandates or reforms referenced in the February 29, 2016, AID adopts extending the transitional period to the latest possible date as allowed under the February 29, 2016 CMS guidance. This extension means that any policies renewed under this extended, transitional policy must not extend past December 31, 2017 to avoid the various ACA reforms or mandates referenced in the February 29, 2016 CMS Guidance. Transitional policy issuers subject to this policy must therefore prepare to transition to these ACA mandates for plans in effect on or after January 1, 2018.

For any questions regarding this Bulletin, please contact Booth Rand at 501-371-2820.



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