

## Grace Period Facts for Colorado

Under the Affordable Care Act (ACA), if a patient who receives an advance premium tax credit (APTC) does not pay his or her health insurance premiums in full, he or she enters a 90-day "grace period." During the first month of the grace period, the patient continues to have health insurance coverage, and the patient's health insurer will pay claims for health care services provided to the patient during that time. However, if the patient enters the second or third month of the grace period, the health insurer may pend claims for services provided during that time. If the patient pays his or her premiums in full before the end of the grace period, the patient retains health insurance coverage for the second and third months of the grace period, and the insurer will pay the pended claims. But if the patient does not pay his or her health insurance premiums in full before the end of the grace period, the health insurer will not extend coverage for the second or third months of the grace period and will deny claims for services provided during that time. In this case, a patient is then responsible for paying the entire bill for services rendered during the second and third months.

Colorado law provides for a thirty-one (31) day grace period for those consumers with individual or small group health benefit plans who are not receiving APTC and who have missed a premium payment. Carriers must honor and pay claims incurred during the first month of the grace period regardless of whether the consumer is receiving the APTC or not. Grace periods do not apply to the payment of the first month's premium.

The current statutes do provide some protections when patients are in the second and third month of the grace period, as long as you use them proactively and within the timeframes laid out within each section.

### Eligibility Verification is the Key

- Each carrier must have one or more mechanisms in place for eligibility verification at the time services are provided, and regardless of the mechanism shall issue an eligibility verification code. C.R.S. 10-16-705(12)(a)(b)
- If you verify the patient's eligibility within two business days prior to the delivery of services and the claim is paid, the carrier cannot take the money back. C.R.S. 10-16-704(4.5)(f)
- If at the time you verify eligibility the carrier determines that the patient is in the grace period and a premium has not been received they may report that eligibility is contingent on payment of the premium due.
  - At the time you verify eligibility the carrier should be able to provide you with information concerning when the patient/policyholder entered into a grace period; the length of the grace period (APTC recipient vs. non-APTC recipient); which month of the grace period the policyholder is currently in;

and the date upon which the grace period will expire and the policy will be cancelled.

- If you receive information from the carrier that coverage is contingent upon receipt of a premium, the hold harmless requirements of C.R.S. 10-16-705(3) do not apply and you may collect payment from the patient. C.R.S. 10-16-704(4.5)(g)(II)
  - This means that you may make arrangements with the consumer, prior to delivering services, to collect partial or full payment from the patient/policyholder. (If the policyholder pays all past-due premiums and the carrier pays the pended claims, you must refund all payments received from the consumer that exceed the patient's responsibility, i.e. copayments, deductibles, and/or coinsurance amounts.)

### Notification

Once a carrier receives a claim from a provider for a policyholder who is currently within a grace period, the carrier must send a letter to the provider no more than five business days after the receipt of the claim for services incurred during the grace period. The notice should contain the same level of detail as noted above concerning where the patient is within the grace period and when it will expire.

Note: Plans that are subject to Colorado insurance laws and regulations have "CO-DOI" noted on the insurance card.