



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

TO: ALL ACCIDENT AND HEALTH INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, LIMITED HEALTH SERVICE ORGANIZATIONS, AND VOLUNTARY HEALTH SERVICE PLANS

FROM: ANDREW BORON, DIRECTOR *DEB*

DATE: April 29, 2013

RE: BULLETIN #2013-07
MANIPULATION OF PLAN YEAR FOR NON-GRANDFATHERED INDIVIDUAL AND GROUP HEALTH BENEFIT PLANS

The Patient Protection and Affordable Care Act of 2010, as amended by the Health Care Education and Reconciliation Act of 2010 (the "ACA"), and its attendant regulations, require that individual and group health benefit plans issued after March 23, 2010 ("non-grandfathered plans") comply with market reforms of Title I, Subtitles C and D of the ACA. These reforms require non-grandfathered plans to have essential health benefits, limited cost sharing, premium rates that are not discriminatory, guaranteed availability and renewability of coverage, and prohibit discrimination against individual participants and beneficiaries based on preexisting conditions, among other things. The reforms become effective for plan years on or after January 1, 2014. ACA § 1255.

It has come to the attention of the Department that insurers may try to avoid the January 1, 2014 deadline, and delay compliance with the reforms for almost a year, by adopting a new plan year that begins in late 2013 and extends into December of 2014. The Department will not approve policy form filings providing for such arrangements in that they are contrary to law within the meaning of Section 143(1) of the Illinois Insurance Code [215 ILCS 5/143(1)]. Federal regulations implementing the ACA state that the term "plan year" means a consecutive 12 month period during which a health plan provides coverage for health benefits. 45 CFR 155.20. An insurer's arbitrary establishment of a new plan year in the midst of an existing plan year either shortens the existing plan year to less than 12 months, or in effect creates a new plan year that exceeds 12 months. Both results are in contravention of the federal rule, and violate the spirit and intent of the law that the market reforms be administered in a consistent and timely manner.