



# Illinois Department of Insurance

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Director

TO: ALL LIFE, ACCIDENT & HEALTH COMPANIES, HEALTH MAINTENANCE ORGANIZATIONS, LIMITED HEALTH SERVICE ORGANIZATIONS, & VOLUNTARY HEALTH SERVICE PLANS

FROM: ANDREW BORON

DATE: NOVEMBER 25, 2013

RE: COMPANY BULLETIN CB 2013-19  
RENEWALS OF EXISTING HEALTH PLANS FOR PLAN YEAR 2014

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On November 14, 2013, the President announced that the federal government will be using its regulatory discretion to allow a number of health plans in the individual and small group markets that do not meet certain Affordable Care Act (ACA) requirements to renew in 2014 without being penalized. The announcement further stated that an individual state may choose whether or not to enforce these ACA provisions. This Bulletin advises that Illinois will comply with President Obama's request and give insurers the choice to renew existing health insurance policies with current policyholders in 2014, as set out herein. The following guidelines apply to the renewals under the President's announcement:

1. Under this transitional policy, health insurance coverage in the individual or small group market that is renewed for a policy year starting between January 1, 2014, and October 1, 2014, and associated group health plans of small businesses, will not be considered to be out of compliance with the market reforms.
2. Under the announcement, the Department of Insurance (DOI) will follow the United States Department of Health and Human Services (HHS) and forego enforcement of the following ACA requirements for the time period set out by the President as implemented by HHS and further disclosed in this Bulletin:
  - a. Section 2701 – rating reforms (Insurers may rate as currently allowed under state law);
  - b. Section 2702 – guaranteed availability;
  - c. Section 2703 – renewability (HIPAA still applies);
  - d. Section 2704 – prohibition on pre-existing condition (individual only – HIPAA applies to small group);
  - e. Section 2705 – no discrimination based on health status (individual only – other rules apply to small group);
  - f. Section 2706 – anti-discrimination;
  - g. Section 2707 – EHB, Actuarial Value, and other listed provisions; and
  - h. Section 2709 – participation in clinical trials.

3. DOI will continue to enforce all other applicable ACA requirements.
4. Nothing in the President's announcement or in this Bulletin requires an insurer to renew or continue a plan. Additionally, nothing allows an insurer to sell a new plan after 12/31/2013 that does not comply with the ACA. Any new plan sold after 10/1/2013 may not be renewed again in 2014 unless it comes into compliance with the entire ACA.
5. Under HHS guidance, an insurer choosing to renew non-compliant plans in 2014 must send notices to all individuals and small businesses that received cancellation or termination notices with respect to the coverage, or send notices to all individuals and small businesses that would otherwise receive a cancellation or termination notice with respect to the coverage. The Centers for Medicare & Medicaid Services (federal CMS) issued a memorandum titled, *Standard Notices for Transition to ACA Compliant Policies*. The memorandum, dated November 21, 2013, includes guidelines and forms for insurers' use in providing the notice.
6. Where individuals or small businesses have already received a cancellation or termination notice, the issuer should send the renewal notice as soon as reasonably possible. Where individuals or small businesses would otherwise receive a cancellation or termination notice, the issuer must send this notice by the time that it would otherwise send the cancellation or termination notice
7. Plans being renewed pursuant to the announcement should contain the same policy forms, terms and conditions as the terminated or cancelled contract that is being renewed. Accordingly, the only change is the addition of one calendar year to the inception date and expiration date of the plan year in the terminated or cancelled plan.
8. An insurer renewing a terminated or cancelled plan may adjust premiums for the plan as permitted under Illinois law. Rate filings will generally be subject to a full actuarial review. These filings should be submitted to DOI at least forty-five (45) days prior to the date the company intends to implement the rates. During this transition period, the Department will support companies by completing expedited actuarial reviews where limited changes to rates are requested.
9. Companies should refer to the Checklist for Renewals of Existing Health Plans during the renewal process.

If you have any questions, please contact Yvonne Clearwater at [Yvonne.Clearwater@illinois.gov](mailto:Yvonne.Clearwater@illinois.gov)

#### **ASSOCIATED DOCUMENTS:**

- *Checklist for Renewals of Existing Health Plans*
- *Standard Notices for Transition to ACA Compliant Policies*, CMS Memo, November 21, 2013