



# Illinois Department of Insurance

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BRUCE RAUNER  
Governor

JAMES A. STEPHENS  
Acting Director

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

FROM: JAMES A. STEPHENS, ACTING DIRECTOR

DATE: MARCH 20, 2015

RE: COMPANY BULLETIN CB# 2015-06

RENEWALS OF EXISTING HEALTH PLANS FOR PLAN YEAR 2016

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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 requirements to renew in 2014 without being penalized. The same day, the federal Department of Health and Human Services, through the Centers for Medicare & Medicaid Services (CMS), issued a letter to state Insurance Commissioners outlining a transitional policy for non-grandfathered coverage in the small group and individual health insurance markets. Thereafter, on November 25, 2013, the Department issued Company Bulletin CB 2013-19, advising that Illinois was complying with President Obama's request to give insurers the choice to renew existing health insurance policies with current policyholders in 2014, as set out in that Bulletin.

On March 5, 2014, CMS issued a second letter extending the transitional policy for plans in the small group and individual markets for two years. Illinois at the time only extended the transitional policy for one year. This Bulletin advises that Illinois will comply with CMS's extension and give insurers the choice to renew existing health insurance policies with current policyholders under plans with policy years beginning on or before October 1, 2016, in the small group and individual markets for one additional year, as set out herein.

This policy also applies to large businesses that currently purchase insurance in the large group market but that, as of January 1, 2016, will be redefined by section 1304(b) of the Affordable Care Act as small businesses purchasing insurance in the small group market. At the option of the States and health insurance issuers, they, too, will have the option of renewing their current policies through policy years beginning on or before October 1, 2016, without their policies being considered to be out of compliance with the provisions specified above that apply to the small group market but not to the large group market.

This Bulletin is intended to supplement Company Bulletin CB 2013-19. In the event of any conflict between the guidelines in this Bulletin and those in Company Bulletin CB 2013-19, the guidelines in this Bulletin should be considered the operative guidelines.

The following guidelines apply to the renewals under this extension:

1) Only plans sold before 1/1/2014 and renewed between 1/1/2016 and 10/1/2016 may be renewed under this extension. Such renewal plans will not be considered to be out of compliance with the market reforms.

2) Under the further extension, DOI will join with federal Health and Human Services and will forego enforcement of the following ACA requirements and any DOI regulations based upon those requirements for the time period set out 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 CMS letter or in this Bulletin requires an insurer to renew or continue a plan, and nothing allows an insurer to sell a new plan that does not comply with the ACA.

5) An insurer choosing to renew a non-compliant plan pursuant to the extended transition policy must send a notice to all individuals and small businesses that received a cancellation or termination notice with respect to the coverage, or send a notice to all individuals and small businesses that would otherwise receive a cancellation or termination notice with respect to the coverage. The format of such notice must be substantially identical to the notice forms attached to CMS's March 5, 2014 letter, and any change to those notices must be submitted for approval to the Department. The CMS letter may be found at the following link:

<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/transition-to-compliant-policies-03-06-2015.pdf>

6) Plans being renewed pursuant to the CMS letter must contain the same policy forms, terms and conditions as the terminated or cancelled contract that is being renewed. The only change permitted is the addition of one calendar year to the inception date and the expiration date of the plan year in the terminated or cancelled plan.

7) An insurer choosing to renew non-compliant plans pursuant to the extended transition policy must notify the Department of this decision on or before April 15, 2015.

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 sixty [60] 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 Second Renewal 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 Second Renewal of Existing Health Plans*
- *Extended Transition to Affordable Care Act-Compliant Policies, CMS Letter, March 5, 2014*