

What to know about insurance coverage cancellation letters

What is a coverage notice?

An individual health insurance plan is usually sold as a 12-month contract between you and the insurer. At the end of the contract period, the insurance company may send you a notice stating that it's choosing either to discontinue (cancel) or renew that plan with potential changes. Some of the changes to a plan may be made to meet federal and state requirements.

Thousands of people get these notices every year.

Beginning in 2014, new protections and benefits can help people with individual insurance, who have faced on average 15% yearly rate hikes and high prices for plans based on health history, gender, or age.

New health insurance plans must cover a minimum set of essential health benefits and provide new consumer protections. Some insurance companies offering plans that don't provide these minimum benefits and protections are upgrading plans to include these benefits. Insurers can do this either by changing their existing plans or canceling their existing plans and offering replacement plans with the new benefits and protections. A few states have required insurers to offer new plans for 2014 rather than changing existing plans.

Does my insurance have to cover new benefits in 2014?

Health insurance plans renewed before January 1, 2014 don't have to provide these consumer protections until their next renewal in 2014.

In addition, on November 14, 2013, the Federal government announced that, under certain circumstances it would not take enforcement action against insurers that allow consumers to renew certain health plans through October 1, 2014 even if these plans do not include many of these new protections and benefits. Even if your insurance company has told you that your plan is being cancelled, you may be able to keep your plan for another year beginning in 2014.

If you are permitted to renew your plan under this policy for another year in 2014, your insurer must send you a letter notifying you that you have this option. You can also contact your insurer to check if you have this option.

You may also be able to keep your current coverage if you have a "grandfathered plan." These plans covered people at the time the health care law was passed and have not been changed in ways that substantially cut benefits or increase costs, and their issuer has notified consumers that they have a grandfathered plan. They can keep offering the coverage without including many of the new protections—such as free preventive care, rules that prohibit charging more based on gender, and coverage of essential health benefits. If you're enrolled in a grandfathered plan, the plan must send you a yearly notice of the plan's grandfathered status. Plans can stay grandfathered as long as they provide this notice and haven't significantly reduced benefits or increased costs. If they lose grandfathered status, they must add in the

new consumer protections and benefits. As with other types of plans, insurance companies can cancel or change a grandfathered plan at the end of the contract period, provided they meet requirements described below.

What are insurance companies required to do?

Under the Health Insurance Portability and Accountability Act (HIPAA), a law in place before the Affordable Care Act was passed, individual plans are generally “guaranteed renewable” at the end of the 12-month contract, although they can increase premiums, increase cost-sharing, and/or reduce the scope of benefits covered. The insurer may stop offering the plan entirely if it meets all of the following requirements. It must:

- Provide at least 90 days’ notice in writing to each covered individual
- Offer each covered individual the option to buy any other individual plan it offers to individuals in that market
- Treat all covered individuals the same, regardless of health status
- Follow any additional state requirements

The only time an insurer can cancel an individual plan without offering you the chance to buy a new plan is if the insurer chooses to cancel all health insurance in a state’s individual market. If an insurer stops all coverage, it’s prohibited from offering coverage in that state’s individual market again for 5 years. It also must notify the state and all plan holders of its decision in writing at least 180 days before stopping coverage.

If your insurer decides to give you the option to renew your health plan that is not a grandfathered plan for another year beginning in 2014 without making changes to benefits, in order to be eligible under the policy announced on November 14th it must send you a letter notifying you of this option. Your insurer may be able to give you this option even if they have already told you that your plan is being cancelled.

If you’re concerned your insurer isn’t following these requirements, contact your State Department of Insurance.

What are insurers not allowed to do?

Under the Affordable Care Act, insurers can’t market in a way that discourages people with significant health needs from enrolling in their plans. An insurer could violate these requirements if it provides renewal notices that discourage certain enrollees from buying particular products (such as qualified health plans in Health Insurance Marketplaces).

How can I find health coverage?

You have new rights and benefits to help you get the health coverage you need. You have the right to buy any other individual plan offered by your insurer—or, new in 2014, by any other insurer offering plans through the Health Insurance Marketplace or outside the Marketplace. You can find coverage from private insurers through the Marketplace in your state. Visit HealthCare.gov or call 1-800-318-2596 for more information.

Insurance plans in the Marketplace cover the same core set of essential health benefits and include services like prescription drugs, maternity care, and mental health coverage. You can compare plans based on price, benefits, and other features before you make a choice.

If you received a cancellation notice from your insurance company, you have several options:

- Buy one of the plans the company offers in its place. It must allow you to buy any of its other plans available to you.
- Buy a new plan in the Marketplace. You may qualify for lower costs on monthly premiums and out-of-pocket costs based on your income. All Marketplace plans include the new rights and protections.
- Buy a plan outside the Marketplace. This can be a good option if you don't qualify for lower costs based on your income. Most plans outside the Marketplace include the new rights and protections.

Additional option if your plan is cancelled: A catastrophic plan

If your plan has been cancelled and you can't afford a Marketplace plan to replace it, you can apply for a hardship exemption. This will allow you to buy a catastrophic plan. A catastrophic plan generally requires you to pay all of your medical costs up to a certain amount, usually several thousand dollars. These policies usually have lower premiums than a comprehensive plan, but cover you only if you need a lot of care. They basically protect you from worst-case scenarios.

How to get a catastrophic insurance plan

- Call 1-866-837-0677, a special phone number for people whose plans have been cancelled (9 a.m. to 7 p.m. EST Monday through Friday. The hotline will operate Saturday and Sunday from 9 a.m. to 5 p.m. through January.) We can help you understand your options. If you want to buy a catastrophic plan, we can provide information, plan options, and contact numbers.
- Download and fill out an application for a hardship exemption. Provide this application to an insurance company selling catastrophic plans to show that you qualify to buy one. Be sure to include a copy of your cancellation notice. The insurance company will send the application to the Marketplace. We'll confirm that you're eligible for a hardship exemption later but you can buy a catastrophic plan right now. **Note:** When you fill out the form, be sure to answer that #13 is your reason for applying—that your individual policy has been cancelled and you feel you can't afford coverage in the Marketplace.
- See a list of catastrophic plans available in your area. The list includes plan and company names and contact information. You can call the insurance companies directly to buy a catastrophic plan.

Important: If you buy a catastrophic plan, you can't get lower costs based on your household size or income. You pay the standard price quoted by the insurance company.

What if my insurer enrolled me in a new plan?

If your plan was cancelled and your insurer already enrolled you in a new plan, you can still switch to a Marketplace plan or a plan offered outside the Marketplace during open enrollment, which ends on March 31, 2014. If your plan is cancelled after March 31, you generally will be provided 60 days to enroll in a Marketplace plan.

If your insurer notified you that your plan would be cancelled at the end of 2013 and that you would be enrolled in a new plan for 2014, you may still have the option to renew your existing 2013 plan. If you are permitted to renew your plan, your insurer will send you a letter to notify you if you can keep the plan that had been scheduled to end in 2013. You can also contact your insurer to check if you have this option. However, you can still switch to a Marketplace plan or a plan offered outside the Marketplace during open enrollment instead.

Remember, if you buy a plan through the Marketplace you may qualify for lower monthly premiums and out-of-pocket costs based on your household income and household size. If you buy health insurance outside the Marketplace, you won't qualify for lower costs based on your household size and income.

You can find out what you might qualify for through the Marketplace before you decide whether to enroll in the plan your insurer recommends. You do this by filling out a Marketplace application. If you have an individual insurance plan and want to be considered for lower costs, when you get to the part of the application asking about any existing coverage, be sure to check the box that says "Individual insurance (non-group coverage)." This way, the Marketplace can make sure you get the lowest possible costs.

How Can I Learn More?

If you received a cancellation notice from your insurance company and would like additional information about your options, you can:

- Visit HealthCare.gov
- Contact the Marketplace Call Center at 1-800-318-2596. The call center is available 24/7 and a representative can help you complete the entire application process from beginning to end with information you provide over the phone, including reviewing your options and helping you enroll in a plan. We can also answer questions as you fill out an online or paper application. TTY users can call 1-855-889-4325.
- Call 1-866-837-0677. This hotline is dedicated to consumers with cancelled policies. A representative will help you find coverage that begins in 2014. They can explain the options available for replacing or renewing a cancelled plan. You can call between 9 a.m. and 7 p.m. EST Monday through Friday. The hotline will operate Saturday and Sunday from 9 a.m. to 5 p.m. through January.

