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HHS Extends Transition Policy for Non-ACA Compliant Health Plans

The Affordable Care Act (ACA) includes key reforms that created new coverage standards for health insurance policies, beginning in 2014. For example, the ACA requires individual and small group policies to cover a comprehensive set of benefits.

Late in 2013, millions of Americans received notices informing them that their plans would be canceled because they did not comply with the ACA's reforms. Former President Barack Obama received criticism that these cancellations went against his assurances that if consumers had a plan they liked, they could keep it.

Responding to pressure from consumers and Congress, on Nov. 14, 2013, Obama announced a transition relief policy for 2014 for non-grandfathered coverage in the small group and individual health insurance markets.

If permitted by their states, which includes Ohio, this transition policy gave health insurance issuers the option of renewing current policies for current enrollees without adopting all of the ACA's market reforms for 2014. This transition policy was later extended several times. Plans renewed under this transition policy are often called "grandmothered" plans.

The Latest Extension

On Jan. 19, 2021, the Department of Health and Human Services (HHS) extended this transitional policy for an additional year, **to policy years beginning on or before Oct. 1, 2022**, provided that all policies come into compliance with the specified requirements by **Jan. 1, 2023**. Under the

extended transitional policy, health coverage in the individual or small group market that meets certain criteria will not be considered to be out of compliance with the ACA's market reforms.

Specifically, the extended transition relief policy provides that:

- States may allow issuers that have continually renewed policies under the transitional policy since 2014 to renew that coverage for a policy year starting on or before Oct. 1, 2022; but
- Any policies renewed under this transitional policy must come into compliance with the relevant requirements by Jan. 1, 2023.

The extended transition relief only applies with respect to individuals and small businesses with coverage that has been continually renewed since 2014, under the previous transition guidance. It does not apply with respect to individuals and small businesses that obtained new coverage in 2014 or after. All new plans must comply with the full set of ACA reforms.

Also, as required under the previous transition policy guidance, health insurance issuers that renew coverage under this extended transitional policy must, for each policy year, provide a notice to affected individuals and small businesses.

Impact for Employers

- Individuals and small businesses may be able to keep their non-ACA compliant coverage through 2022, depending on the plan or policy year.
- This latest extension may also mean that ACA compliance is never required for these transitional plans. HHS has been continuously extending this transition policy each year since 2014.
- If you have questions about this new extension policy or whether your plan is in compliance, reach out to a trusted benefits broker like The Ashley Group.