

# Binder Payment Refresher

*Center for Consumer  
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Oversight (CCIIO)*

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*<https://www.regtap.info/FFENR.php>*

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# Binder Payments: Regular Coverage Effective Dates

- For prospective coverage to be effectuated under regular coverage effective dates, the binder payment must consist of the first month's premium, and the deadline for making the binder payment must be
  - No earlier than the coverage effective date, and
  - No later than 30 calendar days from the coverage effective date.

# Binder Payments: Accelerated Coverage Effective Dates

- In instances where issuers are processing enrollments with prospective coverage to be effectuated under accelerated effective dates, such as in connection with a special enrollment period based on gaining access to new QHPs as a result of a permanent move, getting married, or losing coverage, the deadline for making the binder payment must be:
  - No earlier than the coverage effective date, and
  - No later than 30 calendar days from the date the issuer receives the enrollment transaction, or the coverage effective date, whichever is later.

# Binder Payments: Reenrollments

- For **renewals of effectuated coverage**, a binder payment isn't required, as the renewal is a continuation of effectuated coverage, and no new effectuation is required.
- FFEs also do not require a binder payment for **passive reenrollments that continue effectuated coverage in another plan within the same product** (or to a different plan in a different product offered by the same issuer, if the current product will no longer be available to the enrollee, consistent with the hierarchy for reenrollment specified at 45 CFR §155.335(j)(2)) for the same subscriber.
  - This means that no binder payment is required when subscribers in already effectuated policies are auto-reenrolled into coverage offered by the same issuer.
- Active reenrollments of effectuated subscribers only require a binder payment if the enrollee selects a plan **outside the product that includes the reenrollment plan identified by the issuer** in its Plan ID Crosswalk Template, consistent with 45 CFR §155.335(j).

# Binder Payments: Re-enrollments Example

- For instance, an issuer offers Products 1, 2, and 3, each with silver (“S”) and gold (“G”) plans. If an effectuated enrollee is enrolled in 1S, which remains available, and wants to actively select 1G during an annual open enrollment period, that individual can do so without being required to make a binder payment.
- However, if the enrollee actively selects 2S, 2G, 3S, or 3G, a binder payment is required.

# Binder Payments: Reenrollments (Cont'd)

- Thus, for continuing effectuated coverage, either due to renewal or certain reenrollments, as described above, issuers may continue to bill the enrollee via their existing billing cycle, and a binder payment of the first month's premium is not required by the FFEs.
- In such cases, nonpayment of the January premium by the due date set by the issuer will trigger the applicable grace period.

# Grace Periods During Open Enrollment

- When an enrollee with a grace period expiring on or before December 31 **actively reselects coverage offered by the same issuer** during an open enrollment period with a January 1 effective date, the issuer will generally need to treat the active reenrollment under guaranteed availability rules, effectuating the new coverage, subject to the requirement to pay a binder payment (and any past due premium, if the issuer has adopted the new payment policy).
  - This is because the new coverage's start date is after the end of the grace period for the previous coverage, making it a new issuance rather than an update to a terminated policy that can be disregarded.
- Reenrollments still in **passive status** (policy origin = 11), however, may be cancelled, since eligibility for auto-renewal ends if the associated prior year enrollment subsequently terminates.

# Grace During Open Enrollment: Example 1

- An enrollee who has been properly notified that her issuer will condition new enrollment on collection of past due premium accrued within the previous 12 months enters APTC grace in September for failing to pay her \$50 portion of the premium.
- The FFEs send the issuer an auto-renewal in October, which the issuer must process as the enrollee's coverage is still in grace.
- The enrollee makes no more payments by the November 30 end of the grace period, so the issuer sends the FFEs a termination effective September 30 in early December on the current year coverage.
- However, on November 15, the enrollee actively reenrolled in coverage offered by the issuer under the same product, indicated on a M834 transaction updating the auto-reenrollment, making it an active reenrollment (policy origin  $\neq$  11) subject to guaranteed availability requirements. Her portion of the new plan year coverage is \$100.
- The enrollee pays the issuer \$150 by the new coverage binder due date, which the issuer has set as January 1. The issuer must effectuate the coverage, as the enrollee has paid binder (\$100) and applicable past due premium (\$50 for September).



# Grace During Open Enrollment: Example 2

- Same facts as on the previous slide, except the enrollee never actively reenrolls, leaving the reenrollment in passive (policy origin = 11) status.
- The issuer terminates the current year policy effective September 30 and may cancel the passive reenrollment or wait for the FFEs to carry the current year termination forward to cancel the future year enrollment.

# Resource

- For more information, please see Sections 7.1, 7.1.3, and 7.4.3 in the 2019 FFE and FF-SHOP Enrollment Manual:
  - [https://www.regtap.info/reg\\_librarye.php?i=1761](https://www.regtap.info/reg_librarye.php?i=1761)