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A little known rule in the ACA could pose financial risk to doctors

MICHAEL L. SMITH, JD AND GEORGE F. INDEST III, JD / POLICY / NOVEMBER 17, 2013

A little known rule published by CMS to implement the Affordable Care Act (ACA) could pose a significant financial risk for doctors, hospitals and other healthcare providers. The rule requires health plans participating in the exchanges to provide individuals purchasing insurance through the exchanges a grace period before terminating the coverage for non payment of the premiums. Doctors and other healthcare providers will continue to provide care during the grace period, but the insurance plan will not be required to pay the claims incurred during most of the grace period. The result could be that physicians and other healthcare providers would provide a significant amount of uncompensated care.

Details of the rule

The CMS rule provides individuals that purchase subsidized coverage through the exchanges a 90-day grace period before their coverage is cancelled for non payment. The insurance plan is required to pay any claims incurred during the first 30 days of the grace period, but the insurance plan is not required to pay the claims incurred during the last 60 days of the grace period if the individual's coverage is terminated. The insurance plan is allowed to place all the claims during the last 60 days of the grace period in a pending status. The rule requires the insurance plan to notify the healthcare providers when an insured individual is in the last 60 days of the grace period.

Risk falls on healthcare professionals and providers

The rule imposes a significant risk for uncompensated care on the healthcare providers. The rule does require insurers to tell healthcare providers when patients are behind on their premium payments, but the rule does not specify how the health plan will provide that notice to the providers. The only notice some providers receive will probably be the pending status placed on the unpaid claims by the insurance plan.

Many doctors and hospitals are reluctant to participate in insurance plans offered on the exchanges due to the increased financial risk associated with the CMS rule. The result could be that individuals enrolling in insurance plans through the exchanges may find it difficult to find a healthcare provider willing to accept them as patients. CMS has been asked to modify the rule so that insurers are required to pay claims during the entire 90-day grace period.

How grace period can be manipulated to benefit patients

The CMS rule may also result in individuals manipulating the system. Some individuals may intentionally pay premiums for only part of the year and become serial abusers of the 90 day grace period. Another unintended consequence of the ACA is that individuals that choose not to pay their premiums and have their coverage terminated can reenter the exchange and enroll in a plan regardless of their pre-existing conditions so there is little incentive for some individuals to maintain their coverage.

Were you aware of the 90-day grace period? As a healthcare professional or provider, are you worried you don't have adequate financial protection?

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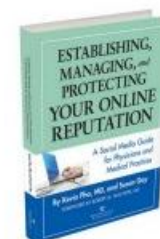
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