

FAQ

Past-Due Premiums in the Marketplace

Under a recent Department of Health and Human Services (HHS) rule, insurers can no longer collect any past-due premiums from the last 12 months before allowing someone to enroll in a plan with the same carrier. The following FAQ explain what happens now if a person misses a premium payment.

1 What is a past-due premium?

A past-due premium is an unpaid enrollee premium for a month of marketplace coverage. This can happen, for example, when an enrollee misses a premium and enters a three-month grace period, but fails to catch up on premiums. Coverage is terminated effective the last day of the first month of the grace period. The enrollee still owes that month's premium, and it is considered past-due.

2 Can an insurer require enrollees to pay past-due premiums from previous years in order to effectuate coverage in a new plan?

Effective July 1, 2022, insurers in all states cannot deny coverage to an individual or employer whose coverage was terminated in a previous year due to past-due premiums. Additionally, an insurer cannot require an applicant to pay any past-due premiums from terminated coverage in previous years in order to enroll in a new health plan.

3 Can an insurer require an enrollee to pay missed premiums if they try to enroll in coverage while in a grace period?

Yes, but only if the enrollee is automatically re-enrolled into or actively enrolls in the same health plan during a grace period. In this case, the enrollee will still need to pay any missed premiums in order to maintain their coverage. If the enrollee does not pay all missed premiums by the end of the grace period, their coverage will be terminated, and they may not be eligible to enroll in a new plan until the next open enrollment period unless they experience a qualifying life event for a special enrollment period.

For example, if a person receiving APTC stops paying their premium in November and enters a grace period, then attempts to enroll in the same plan for the following year, they must pay November, December and January's payment by the end of January to remain covered. If not, coverage will be terminated as of November 30 and the plan will not go into effect in the new coverage year.

4 Can a person pay January's premium now and the past-due premium later?

If an applicant has previously had their coverage terminated because of past-due payments, or

if they are in a grace period and applying for a new year of coverage in a plan with a different insurer, then the insurer cannot require the applicant to pay missed or past-due premiums in order to effectuate coverage. The applicant can pay a binder payment for January and their new coverage will begin.

However, if an applicant is auto-enrolled into or actively re-enrolls in the same health plan while in a grace period, they must pay all missed premiums in order to continue their coverage. This is true even if the enrollee pays a premium for January, because the insurer can apply this payment to any amounts owed for the months of the grace period. The applicant does not have to pay a binder payment in order to continue their coverage, since they are still enrolled in the same plan. However, they must pay all outstanding premiums by the last day of the grace period, or their coverage may be terminated.

EXAMPLES:

a

Example 1:

Sam was enrolled with Insurer A in 2023 with APTC. He failed to pay the premium for August coverage and doesn't make any payments during the grace period so, at the end of October, his coverage is terminated effective August 31. If Sam attempts to enroll in coverage for 2024, his insurer cannot make him pay his past-due premiums from 2023 in order to begin coverage in January. This is the case if Sam wants to enroll in the same health plan that he had in 2023, a different health plan with the same insurer, or a different health plan with a different insurer. Because Sam has actively enrolled in coverage, he must pay his January premium (binder payment) on time in order to begin coverage on January 1, 2024.

b

Example 2:

The situation is the same as in Example 1, except Sam paid all of his premiums until November. He didn't make a payment for the rest of the year. During open enrollment, he chooses the same plan. He receives his bill for January's payment in December, and it is due by January 10. As of the billing date, he is still in the grace period and will owe past-due premiums for November, and December, in addition to his January payment. Any payment made prior to the expiration of the grace period on January 31 may be applied to missed premium amounts from November, December, or January.

If Sam fails to pay his November, December, and January premium payments by January 10, his coverage could be terminated. If he takes action to enroll in a different plan by the January 15 deadline and pays the binder payment on time, he could still have coverage for the year.