COMMISSIONER OF SECURITIES & INSURANCE

MATTHEW M. ROSENDALE, SR.
COMMISSIONER

OFFICE OF THE MONTANA
STATE AUDITOR

ADVISORY MEMORANDUM

To: Health Insurers Providing Non-Grandfathered Coverage in the Small group and Individual Market

From: Matthew M. Rosendale Sr., Commissioner of Securities and Insurance
Office of the Montana State Auditor

Date: April 5th, 2017

TRANSITIONAL POLICY

The Advisory Memorandum titled "Health Insurers Intending to Issue or Renew Major Medical Health Insurance in 2017", issued on March 31, 2016 by the Commissioner of Securities and Insurance, included the following information on Transitional Policies:

> **Transitional policies**
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> The CSI allowed insurers to continue certain coverage that was issued in 2013 (transitional policy renewals) pursuant to guidance issued by CMS in November 2013. Only two insurers opted to offer "transitional" renewals to policyholders, and the majority of those policyholders are small employers, who can purchase new coverage any time during the year and are not restricted to calendar year policy period. Those transitional policies may not be renewed after October 1, 2016; in other words, all transitional policies must end by October 1, 2017. On February 29, 2016, CMS announced that it would allow states to extend that end date to December 31, 2017. Montana will not allow that extension. All transitional policies must be terminated and ACA compliant policies must be issued by October 1, 2017. Plan years may not be longer than 12 months.

On February 23, 2017, CMS published a bulletin extending the transitional policy for non-grandfathered coverage in the small group and individual market through calendar year 2018 in order to facilitate smooth transitions to ACA-compliant coverage.

CMS is allowing states to extend the transitional policy to policy years beginning on or before October 1, 2018, provided that all policies end by December 31, 2018. CMS will work with States and issuers to implement the policy. CMS is not permitting plan years that extend beyond 12 months.

The Commissioner of Securities and Insurance is now modifying the Advisory Memo of March 31, 2016 and will allow insurers to exercise the CMS transitional policy published on February 23, 2017. However, if coverage is currently ACA compliant or if a renewal has been issued, this policy may not be utilized.

If you have questions, please contact Richard Hersey, 406-444-3446 or rhersey@mt.gov