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## **Bulletin 401**

### **Transitional Renewal of Large Group Health Insurance Policies for Groups with 51 to 100 Employees**

This Bulletin is issued to notify health insurance carriers in the large group market that they will be permitted to renew health plans for employers with 51 or more employees for policy years beginning on or before October 1, 2016, provided that they comply with the terms and conditions set forth in this Bulletin and give notice to the Superintendent by March 31, 2015. Carriers may continue to rate such policies as large groups. It is not necessary for the carrier to have elected to renew so-called “grandmothered” individual and small group policies in order to be eligible for this transitional renewal option.

This option to extend the time for transitioning these employers to ACA-compliant small group plans is offered in accordance with the Bulletin on Extended Transition to Affordable Care Act-Compliant Policies issued by the Centers for Medicare and Medicaid Services (CMS) on March 5, 2014. That Bulletin extended the period within which carriers could continue renewing certain non-grandfathered health plans (colloquially referred to as “grandmothered” plans), without being deemed out of compliance with Affordable Care Act (ACA) market reforms. In addition, it provided an opportunity for similar transitional relief “to large businesses that currently purchase insurance in the large group market but that, as of January 1, 2016, will be redefined by section 1304(b) of the Affordable Care Act as small businesses purchasing insurance in the small group market.” The Bulletin provides that both transitional options are subject to permission by state authorities, and that states may choose to make different decisions in different sectors of the market.

On April 4, 2014, the Superintendent issued a letter to carriers authorizing “grandmothered” renewals in any or all of the individual, small group, and 100-or-fewer large group market sectors, if the carrier notified the Superintendent by April 30, 2014, and identified the market sector or sectors in which it intended to offer transitional renewals.

Because “grandmothered” individual and small group policies were already out of compliance with existing ACA requirements, those policies could not be renewed in 2014 without transitional relief. Therefore, it was necessary to implement the transitional relief program immediately in those market sectors, or the opportunity would no longer be available. By contrast, the change in the group size threshold does not apply until coverage is issued or renewed in 2016. Therefore, it has no impact on the issuance or renewal of non-community-rated large group coverage this year to employers with 51-100 employees. Because those large group policies will still be in compliance with the ACA for any policy year beginning on or



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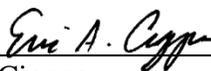
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before December 31, 2015, “transitional relief” will not be necessary until the 2016 renewal cycle. Because transitional renewal in the large group market is not yet in the implementation phase, it is reasonable and appropriate, for this market sector, to extend the period for giving notice to the Superintendent through March 31, 2015. This cutoff date is established so that carriers in the small group market will have reasonable notice of the population of employers with 51 to 100 employees that will be offered transitional renewal. Offers of transitional renewal are subject to the following terms and conditions:

- On or before December 31, 2015, whether or not a carrier offers transitional renewal, it may offer early renewal of existing policies to groups with 51 to 100 employees, provided that it makes the offer uniformly to all similarly situated employers. Large group policies issued to or renewed by such employers at any time in 2015 may remain in force as large group policies for up to one year.
- Carriers offering transitional large group renewal to groups with 51 to 100 employees must notify the Superintendent by March 31, 2015.
- An employer is eligible for transitional renewal if: (1) on October 1, 2015, it has between 51 and 100 employees and is covered by a large group health insurance policy issued in Maine by a participating carrier; (2) the employer still has more than 50 employees on the policy’s renewal date and the carrier is still offering transitional renewal; and (3) the renewal date is no later than October 1, 2016, unless CMS and the Superintendent extend the availability of transitional renewal.
- A carrier must offer transitional renewal to all of its eligible large group policyholders. However, a carrier may offer transitional renewal to large group policyholders whether or not it offers transitional renewal of pre-ACA individual or small group policies.
- A carrier may set a date earlier than October 1, 2016, as the last date it will offer transitional renewal of experience-rated plans, but must notify the Superintendent of that alternative date at the time it notifies the Superintendent that it will participate in transitional renewal. Plans renewed on or before October 1, 2016, will continue to be experience rated until their 2017 anniversary dates.
- If the availability of this transitional renewal option is extended, the Superintendent will give participating carriers notice and opportunity to decide whether to continue participation.
- If the carrier participates in both the large group and small group market, it must include an analysis of the effect of the transitional renewal offer in its small group rate filing.

February 23, 2015

  
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Superintendent of Insurance

NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Bureau of Insurance if additional information is needed.