

Health Insurance Cancellation Notices

Cross References

- www.whitehouse.gov

Beginning in 2014, all U.S. citizens and resident aliens are required to have health insurance (minimum essential coverage) or face a penalty, unless they are exempt from the requirement to obtain minimum essential coverage. Minimum essential coverage includes government-sponsored programs, eligible employer-sponsored plans, plans in the individual market, grandfathered group health plans, and other coverage as recognized by the Secretary of Health and Human Services.

Grandfathered health plans in general, are health insurance plans in existence prior to the enactment of the Health Insurance Reform Act of 2010. Thus, even though a grandfathered health plan may not meet the coverage requirements under the new law, it is considered minimum essential coverage as long as the health insurance provider does not change anything contained in the plan. If the health insurance provider makes any changes to the plan, it is no longer considered a grandfathered plan.

Some Americans have received notices from their health insurance providers that plans they bought are being cancelled because the plans no longer meet the Health Insurance Reform Act requirements to cover prescription drugs and certain preventative services. The plans that are being cancelled are plans that no longer meet the definition of a grandfathered plan due to some change made by the insurance company since enactment of the Health insurance Reform Act of 2010.

On November 14, 2013, President Obama announced that insurers can continue to offer customers the option to renew their 2013 health plans in 2014, without change, allowing them to keep their plans. Thus, the definition of a grandfathered plan now includes for 2014, only a plan that has changed since the law took effect and to people who bought plans since the law took effect. Insurers can extend current plans that would otherwise be cancelled into 2014, and Americans whose plans have been cancelled can choose to re-enroll in the same kind of plan.

Insurance companies that choose to extend current plans must notify customers that they also have the option to purchase coverage through the health Insurance Marketplace where they can potentially qualify for lower premiums. Insurance companies must tell consumers what protections they are giving up to keep the plan they have.

Author's Comment

There is nothing in this announcement that requires insurance companies to continue to offer plans that they have cancelled. It is up to the insurance companies to decide whether or not to re-instate these plans for one more year.