

**Payment and Practice Management Memo  
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## **How Graceful is the Grace Period?**

The Centers for Medicare and Medicaid Services (CMS) is responsible for implementing the many provisions within the Patient Protection and Affordable Care Act (otherwise known as ACA). One of those provisions could put healthcare professionals at risk for providing services without payment. This specific provision has been referred to as the “90-day grace period”.

*“A Qualified Health Plan (QHP) issuer must provide a grace period of three consecutive months if an enrollee receiving advance payments of the premium tax credit has previously paid at least one full month's premium during the benefit year. During the grace period, the QHP issuer must: Pay all appropriate claims for services rendered to the enrollee during the first month of the grace period and may pend claims for services rendered to the enrollee in the second and third months of the grace period.”*

Source: <http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=08a5676f6c8f7661ad28d2bf64feb890&ty=HTML&h=L&r=PART&n=45y1.0.1.2.72#45:1.0.1.2.72.3.27.13>

### ***What does this REALLY mean?***

When an enrollee receives an advance premium tax credit and does not pay the full amount of his/her healthcare premium a 90-day “grace period” is triggered.

### **The “Grace Period” in a Nutshell**

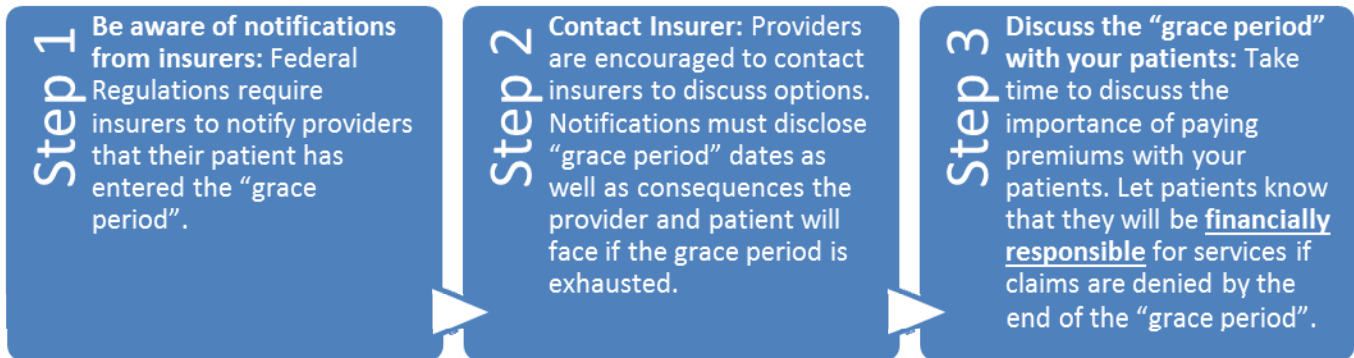
#### ***What happens during the first 30-days of the “grace period”?***

Nothing happens for the first month of the “grace period”. Insurers will continue to pay for services provided to the enrollee even if s/he has not paid the premium.

#### ***What happens when the patient enters the second and third months of the “grace period”?***

If the enrollee has still not paid the premium in full, insurers have the right to “pend” claims for services provided to patients. If the enrollee pays the premium by the end of the third month, the insurer must pay healthcare professionals for all pending claims. If the enrollee fails to pay the premium by the end of the grace period, all pending claims will be denied and payment will need to be collected from the patient.

The American Medical Association (AMA) has offered the following guidance:



Anesthesia practices should communicate with surgeon offices and hospitals to ensure that there is a process in place for grace period monitoring. When confirming coverage, be sure to inquire whether the patient has entered the grace period.

**NEWS UPDATE: Are beneficiaries paying their premiums?**

As noted in a May 6, 2014 *New York Times* article, “Most of the people choosing health plans under the Affordable Care Act — about 80 percent — are paying their initial premiums as required for coverage to take effect...”

Please refer to the full article at:

[http://www.nytimes.com/2014/05/07/us/politics/insurers-say-most-who-signed-up-under-health-law-have-paid-up.html?\\_r=0](http://www.nytimes.com/2014/05/07/us/politics/insurers-say-most-who-signed-up-under-health-law-have-paid-up.html?_r=0)

**References:**

*American Medical Association (AMA)*. (2014). Retrieved 04 15, 2014, from <http://www.ama-assn.org/ama/pub/advocacy/topics/affordable-care-act/aca-grace-period.page>

Pear, R. (2014, May 06). *Insurers Say Most Who Signed Up Under Health Law Have Paid Up* . Retrieved May 07, 2014, from The New York Times .

*Providers worry that ACA grace period could leave them in the lurch* . (2013, August 15). Retrieved April 15, 2014, from The Advisory Board Company : <http://www.advisory.com/daily-briefing/2013/08/15/providers-worry-that-aca-grace-period-could-leave-them-in-the-lurch>

(2014). *Step-by-step guide to the ACA grace period*. American Medical Association (AMA).