



Department of Commerce

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
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ADMINISTRATIVE NOTICE: 2013-04

Date: October 11, 2013

To: Health Insurance Providers / Issuers

From: Insurance Commissioner

Subject: Health Insurance Policy or Plan issuance before January 1, 2014

Early renewal of health insurance policy (individual) or plan (group) has become a popular option among health insurance carriers to delay implementing many of the Affordable Care Act¹ mandates by renewing as many plans as possible before the Jan. 1st 2014 effective date.

While some states have passed legislation prohibiting arbitrarily renewing insurance policies early, the CNMI has not banned such practices. However, be aware that if your company decides to offer early renewal to policy holders, these notices are subject to local and federal laws regarding marketing and consumer protection. Additionally, when “early renewed” plans are up for renewal next year, in 2014, they will be subject to the additional ACA provisions, including guaranteed renewability².

An issuer that provides renewal notices to existing enrollees in a way that has the effect of discouraging certain current enrollees from purchasing particular products could violate the requirements of these provisions.

Specifically, any offer to policy holders to renew early³ MUST:

Not issue false or misleading statements, pursuant to CNMI P.L. 6-46, Section 7 §5109 (a):

False or Misleading Statements. It is an offense for any person, or any employee or agent, with intent directly or indirectly to dispose of real or personal property, or to perform services, professional or otherwise, or to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated before the public in this Commonwealth or from this Commonwealth before the public in any state or territory or foreign country, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatsoever, any statement, concerning such real or personal property or services, professional or otherwise, or concerning any circumstances or matter of fact connected with the proposed performance or disposition thereof, which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading.

Not make any misrepresentation to any policyholder, pursuant to CNMI P.L. 3-107 §16 (d)(1)(A):

Making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce the policyholder to lapse, forfeit, or surrender his or her insurance;

¹ See Administrative Notice 2013-03

² PHSa §2703 (As amended in the Affordable Care Act)

³ Prior to January 1, 2014

Be nondiscriminatory and apply to all policyholders in a market segment, pursuant to 45 C.F.R. §147.104 (e):

Marketing. A health insurance issuer and its officials, employees, agents and representatives must comply with any applicable state laws and regulations regarding marketing by health insurance issuers and cannot employ marketing practices or benefit designs that will have the effect of discouraging the enrollment of individuals with significant health needs in health insurance coverage or discriminate based on an individual's race, color, national origin, present or predicted disability, age, sex, gender identity, sexual orientation, expected length of life, degree of medical dependency, quality of life, or other health conditions.

Model wording to include in early renewal offers:

"Beginning with insurance coverage renewals on or after January 1, 2014, all types of non-grandfathered⁴ health plans will be required to offer medical insurance plans that meet the new Affordable Care Act (ACA) mandates⁵. Some of these provisions also apply to grandfathered plans. Provisions that come into effect in 2014 afford insurance consumers additional protections and benefits not currently provided under 2013 health plans. These ACA mandates may change your insurance coverage and will most likely result in premium changes, including premium increases. Under ACA requirements, for plans beginning on January 1st or later, premium rates can only vary according to family size, geographic area, age, and tobacco use.

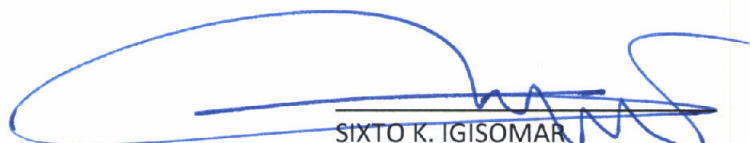
By renewing early, you can remain on your current medical plan, but you will not have access to the ACA provisions effective on Jan. 1st 2014. Even if you choose to renew early this year, your health plan will be subject to ACA mandates when renewed next year in 2014 and all years after.

For more information on your new rights and responsibilities under the Affordable Care Act, contact:

CNMI Consumer Assistance Program (CAP)
Department of Commerce (2nd Floor)
Capitol Hill, Saipan
670-664-3005
advocacyoffice@commerce.gov.mp
cnmicap.wordpress.com

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The CNMI Department of Insurance notes that providing this notice to consumers does not automatically guarantee compliance with the above laws, nor exempt an insurance carrier from being subject to a consumer complaint filing of unfair or discriminatory practices. Rather, this bulletin is issued as a notice to comply with the appropriate local and federal statutory requirements when issuing special early renewal offers.


SIXTO K. IGISOMAR
CNMI INSURANCE COMMISSIONER

⁴ A grandfathered plan is one that existed on or before March 23, 2010 with no significant changes to the plan's coverage, benefits or how much members pay through premiums, copays or deductibles. Ask your insurer if your plan is "grandfathered".

⁵ Please see <https://www.healthcare.gov/how-does-the-health-care-law-protect-me>