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## ***BCBSM Changes Policy on Late Premium Payments***

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Beginning July 1<sup>st</sup>, group premium payments received following a cancellation for non-payment won't be refunded to the group. The Blues rationale for this policy change is that it is a cost-savings measure. For the group, this now means that they are applying late premium payments to the grace period, which enables claims occurring within the grace period to be paid rather than rejected.

### **CURRENT CANCELLATION POLICY:**

Because BCBSM is pre-paid health care, **all** premiums must be paid in full **and** as billed on or before the due date. Failure to do so may result in cancellation of group coverage. Termination of coverage may be due to non-payment or non-sufficient funds, failure to meet participation requirements or failure to meet group eligibility criteria.

#### *Cancellation for nonpayment:*

- If a group's premiums are more than 30 days past due, BCBSM may immediately terminate coverage retroactive to the date in which premiums were paid in full.
- A group is delinquent when the required payment has not been received by the due date.
- Group conversion coverage may be available, if applicable, when group coverage is terminated due to nonpayment.
- Groups that are cancelled for nonpayment are not eligible to re-enroll for 12 months following the date of cancellation, nor are they eligible for reinstatement.

### **NEW CANCELLATION POLICY:**

- The Blues will apply any late premiums received **after cancellation** that relate to the 30-day grace period and advance the related paid-through date and cancellation date accordingly. The group will remain in a canceled state.
- There is no time limit on applying late premium payments related to the grace period. That is, whether a payment is received five days or five months after cancellation, Blue will apply it according to the new policy and **will not refund it**.
- The Blues will refund any premium payments received from canceled groups that relate to coverage periods **after the grace period**.
- Blue will modify group correspondences that relate to the final cancellation notice to convey the late payment policy.
- Group reinstatement guidelines still apply, meaning groups that are cancelled for nonpayment are not eligible to re-enroll for 12 months following the date of cancellation, nor are they eligible for reinstatement.

### **EXAMPLE:**

1. ABC Company is paid to May 1, 2010, with a 30-day grace period.
2. The group doesn't submit appropriate premium payment for May and falls into the delinquency process.
3. The group automatically cancels for non-payment on June 2, 2010, with a May 1, 2010, cancellation date.
4. The premium for the month of May is received on June 5, 2010.
5. BCBSM applies the premium to May and adjusts the paid to date to June 1, 2010 accordingly.
6. The group remains in a cancelled status.

### **QUESTIONS**

If you have any questions regarding this release, please contact Russ Kotila at **248.996.1845** or email [russ@jsclarkagency.com](mailto:russ@jsclarkagency.com).