

The law aimed to make Marketplace coverage optional for the less than 5 percent of Americans who have individual market coverage that they want to keep. Health plans that consumers had when the law was passed in 2010 are “grandfathered” in and do not have to adopt most of the new consumer protections. But, in order to provide consumers with better protections and coverage, health insurers in the individual and small group markets have to adopt consumer protections for any new plans purchased after 2010. In some instances, they are adopting those protections by canceling current policies and replacing them with new and sometimes more costly plans.

Many consumers receiving these cancellation letters will be able to find a better deal with financial assistance or better coverage through the Health Insurance Marketplace, but we know a small slice of these consumers may not be eligible for a plan at a more affordable price. Last week President Obama directed his team to explore administrative actions that could be taken to help these consumers who are receiving cancellation letters.

To meet that commitment, today, HHS is using its administrative authority to:

- Allow insurers to renew their current policies for current enrollees without adopting the 2014 market rule changes. This will give consumers in the individual and small group markets the choice of staying in their plan or joining a new Marketplace plan next year. HHS will consider the impact of this transitional policy in assessing whether to extend it beyond 2014.
- To protect against the potential impacts this change will have on premiums, HHS will adjust the temporary risk corridor program which is designed to stabilize premiums as changes are implemented.

Whether an individual can keep their current plan will also depend on their insurance company and State insurance commissioner – but today’s action means that it will no longer be implementation of the law that is forcing them to buy a new plan. Turnover is high in the individual market, with 50 to 67 percent of enrollees staying for a year or less. This means that the number of people in these bare-bones policies will decrease over time. As such, this action provides a smoother transition in a market that’s generally used as a bridge by most consumers.

And, this action will not allow these older plans to be sold to new customers in 2014, which would undermine the Marketplace and drive up premiums for millions of hard-working Americans. In short, this administration solution will give consumers more information and choices, including keeping their old plans. As he has said since he signed the bill into law, the President is willing to work with members of Congress in either party on good-faith, constructive solutions that strengthen the law by pursuing the same goals as this Administrative action and do not seek to undermine or repeal the law as a whole.

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