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March 28, 2014

March 31 Exchange Enrollment Deadline Extended

March 31 is the last day of the initial open enrollment period to sign up for healthcare exchange coverage under the Patient Protection and Affordable Care Act or face a penalty (or tax) under the law. With only five days before the enrollment deadline, the Obama administration announced it will provide consumers who were “in line” during the open enrollment period, but did not complete the process by March 31, a limited amount of additional time to finish the application and enrollment process. While claiming it is not technically moving the March 31 deadline, the administration also announced it is offering a special enrollment extension for people who were not able to enroll during the initial open enrollment period due to certain limited “complex case” circumstances (i.e., natural disaster, medical conditions, system outages, mistakes, misconduct, etc.). If certain conditions are met, these special enrollment periods (SEPs) allow individuals to enroll in exchange coverage after the initial open enrollment period closes.

Under the general SEP rules, individuals may be allowed to enroll in the exchange outside of open enrollment following certain triggering events, such as marriage or birth of a child. Otherwise, once the initial enrollment period ends, individuals have to wait to get coverage until the next open enrollment period, which starts in November 2014. Consumers are also able to buy health insurance directly from insurance companies during the year, but they would not qualify for subsidies. Most Americans who do not have coverage this year may be subject to a penalty of $95 per adult, or 1% of their income, whichever is greater, when they file their taxes next year. The maximum penalty jumps to $325 next year and, assuming a 2% rate of yearly inflation, the penalty could be $752.29 by the year 2020.

To qualify for the new “in line” extension, consumers will simply attest that they started the process before the March 31 deadline. The deadline to submit paper applications was also extended to a final-for-now date of April 7. Individuals who are “in line” by March 31, and who select new coverage within the applicable timeframes, will be treated as if they had enrolled in coverage by March 31, and under previous CMS guidance, these individuals will be able to claim a hardship exemption from the individual mandate for the months prior to the effective date of their coverage. For “complex case” SEPs that are triggered by mistakes, contract violations, exceptional circumstances and misconduct, the exchange will set an appropriate effective date.

Though many aspects of the healthcare law have been repealed, changed or delayed, the administration had previously insisted the March 31 deadline would not be moved. Limited open enrollment periods are important for insurers for rate setting purposes and also to discourage consumers from waiting until they become seriously ill to sign up and pay for coverage. Now with the extension of the March 31 deadline and the available hardship exemptions to the individual mandate to buy insurance, it is more likely that the Obama administration will not enforce the individual mandate against those who self certify that they cannot afford it. Starting next year, taxpayers will be asked on their returns if they have insurance, and if not, to pay a penalty – unless they have been granted an exemption. But like other aspects of tax returns, the information is provided on the honor system and only confirmed during an audit. So the individual mandate penalty will likely be applied, if at all, only to individuals who can afford health insurance but are choosing not to get it.

Should you have questions about this or any aspect of healthcare reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online Resource Center.

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