VERMONT

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Agency of Human Services

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Dear Rebecca and Susan:

This letter describes the circumstances under which it is permissible to make direct enrollment available to a Vermont Health Connect (VHC) enrollee outside the open enrollment period and in the absence of a qualifying event for a special enrollment period.[1] These provisions only apply outside of open enrollment periods and do not apply to renewals during open enrollment. Likewise, they do not apply to individuals that have a special enrollment period.

Directly enrolling during the plan year may also be described as transferring plan administration, including billing, from VHC to the QHP issuer. Regardless of how it is characterized, a customer is ineligible for premium or cost-sharing assistance for any month during which they directly enroll.[2] While it is the customer's choice to directly enroll, DVHA and QHP issuers must make a coordinated effort to educate customers about the consequences of doing so. Therefore, DVHA will allow a current VHC enrollee to transfer plan administration to their current QHP issuer, if the issuer is offering direct enrollment, if each of the following conditions is met:

[1] 33 V.S.A. 1803(b)(4), 1811(b).
[2] A customer who enrolls directly with a QHP issuer under 33 V.S.A. 1811(b) is not considered to be enrolled through the exchange and, therefore, may not claim the premium tax credit for the months during which they directly enroll even if they are income-eligible for the tax year. 26 CFR 1.36B-2(a)(1).

- The customer elects this option in writing, acknowledging their understanding that they may not claim the federal premium tax credit for any month when they are not enrolled through VHC.[3]
- The issuer only sends VHC a "direct enrollment" termination transaction (e.g., 834) for a customer if the customer is not receiving a subsidy. If the issuer receives a plan administration request from a customer receiving a subsidy, the issuer directs the customer to VHC.[4]
- The issuer enrolls the customer into the same plan and product, and gives credit for all accumulated cost-sharing amounts paid by the customer during the plan year.
- To the extent the QHP issuer's plan materials include VHC branding, the issuer promptly provides a new insurance ID card or other plan materials making clear that the customer is no longer enrolled through VHC.
- Any outreach to VHC customers about this option must be sent to DVHA for review per the standard marketing materials review process. DVHA requires such materials to clearly state that direct enrollees are ineligible for premium and cost-sharing assistance.

Making this option available does not remove an issuer's obligation to comply with all special enrollment periods applicable to VHC and issuers.[5] For example, if a customer who chooses to switch plan administration for their existing QHP mid-year under the terms outlined above, later experiences a qualifying event, the issuer (and VHC, if applicable) must provide a special enrollment period for new plan selection and/or re-enrollment through VHC. DVHA and issuers will work together to ensure that eligibility and enrollment issues are resolved consistently for all enrollees, regardless of whether VHC or issuer has primary plan administration responsibilities.

Further discussion about the implementation of this option, including technical and operational processes, will be necessary, although DVHA understand QHP issuers may begin offering this option after the close of open enrollment (February 1, 2016). DVHA and the QHP issuers agree to cooperate to ensure that a customer does not experience any coverage gaps during or as a result of the transition.

Sincerely,

Steven M. Costantino

Steven M. Costantino
Commissioner

cc: Christine Alibrandi, Northeast Delta Dental

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[3] The direct enrollment disclaimer language used during open enrollment for 2016 can be used for this purpose.
[4] DVHA and issuers will work together on an operational strategy to handle plan administration requests from enrollees receiving a subsidy.
[5] 33 V.S.A. 1811(b)(1).