



COMMONWEALTH OF PUERTO RICO  
**OFFICE OF THE COMMISSIONER OF INSURANCE**

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November 18, 2013

**RULING LETTER: CN-2013-161-D**

TO ALL HEALTH INSURANCE ORGANIZATIONS AND INSURERS THAT WRITE HEALTH INSURANCE IN PUERTO RICO OTHER THAN MEDICARE ADVANTAGE OR SUPPLEMENTARY MEDICARE PLANS

**NEW TRANSITION PROCESS STANDARDS THAT ARE APPLICABLE TO THE RENEWAL OF CERTAIN HEALTH INSURANCE PLANS DURING 2014**

As advised by the *Center for Consumer Information and Insurance Oversight*, in a letter dated November 14, 2013, new standards have been promulgated to enable each jurisdiction to extend the transition period for compliance with the *Affordable Care Act* ("ACA"). In general, these standards allow some individual and small group health insurance plans to be renewed during 2014, without being subject to penalties for failing to comply with ACA provisions.

Under the authority vested in us, this Office adopts the new guidelines promulgated in said letter and to that effect, we provide the following requirements for complying with the extended transition period:

- 1) The new extended transition period is only applicable to individual and small group policies whose policy year or coverage began before October 1, 2013 and were or will be in effect throughout 2013. Therefore, the new guidelines are not applicable to new policies or renewals that took place on or after October 1, 2013 up to December 31, 2013.
- 2) The expiration date of the health insurance plans to which these new extended transition period standards are applicable must be between January 1, 2014 and September 30, 2014. Health insurance plans with an expiration date after September 30, 2014 may not be included in the extended transition period.
- 3) Health insurance organizations and insurers are responsible for orienting the insured regarding the fact that plans that are renewed in this manner

will not include all of the essential benefits or other protection as provided in ACA that enter into effect as of January 1, 2014.

- 4) Any health insurance plan renewed during the extended transition period shall include the same coverage as the previous health insurance plan.
- 5) The renewed health insurance will have a maximum duration of one (1) year and it will not be necessary to issue such for a short policy period. These transitory health insurance plans will expire during 2015 on the final date of the policy year.
- 6) The only provisions of the ACA and the *Public Health Service Act* ("PHSA") that enter into effect on January 1, 2014 and whose compliance is postponed for these health insurance plans are the following:

- a. Section 2701 - *"Fair Health Insurance Premiums"*
- b. Section 2702 - *"Guaranteed Availability of Coverage"*
- c. Section 2703 - *"Guaranteed Renewability of Coverage"*
- d. Section 2704 - *"Prohibition on Preexisting Condition Exclusions or Other Discrimination Based on Health Status"*

This section will not enter into effect in the case of adult subscribers of individual health insurance plans only. Therefore, Section 2704 will be in full effect for group health insurance plans and for minors, in the case of individual health insurance plans.

- e. Section 2705 - *"Prohibiting Discrimination Against Individual Participants and Beneficiaries Based on Health Status"*

This section will not enter into effect for individual health insurance plans only.

- f. Section 2706 - *"Non-Discrimination in Health Care"*
- g. Section 2707 - *"Comprehensive Health Insurance Coverage"*
- h. Section 2709 - *"Coverage for Individuals Participating in Approved Clinical Trials", as in 42 U.S.C. § 300gg-8.*

- 7) Health insurance plans that are renewed during 2014 under these guidelines shall comply with the remaining ACA and PHSA provisions, other than those that are excepted.
- 8) Insureds whose health insurance is not renewed during 2014 will have a special guaranteed enrollment period of sixty (60) days in which to enroll

in the health insurance plan of their preference that complies with the new ACA legal requirements.

- 9) The insured shall provide consent in an informed and voluntary manner, in writing, to have the health insurance plan renewed and under the conditions set forth above. Insurers and health insurance organizations shall advise the insured regarding the consequences of their decision and retain written evidence of said consent.
- 10) Health insurance organizations or insurers that do not intend to renew a health insurance plan during 2014 should send written notice to the insured at least thirty (30) days before the expiration of the health insurance plan.
- 11) This Ruling Letter in no way alters the provision of Ruling Letter CN-2013-160-AS (Early Renewal Procedure). Therefore, the guidelines for health insurance plans that have used the early renewal procedure remain in effect.

Health insurance organizations, insurers, and intermediaries must refrain from providing false, misleading, or incorrect information or any other information that would tend to coerce or dissuade the insured from obtaining health insurance that is in full compliance with the ACA, as well as refraining from any conduct that would constitute an unfair practice under the provisions of Chapter 27 of the Puerto Rico Insurance Code or that violates CSSPR or ACA provisions.

Strict compliance with this Ruling Letter is required.

Very truly yours,

SIGNED

Ángela Weyne-Roig  
Commissioner of Insurance