



Date: December 19, 2013

Subject: Options Available for Consumers with Cancelled Policies

The Affordable Care Act provides many new consumer protections. In some instances, health insurance issuers in the individual and small group markets are cancelling policies that do not include the new protections for policy or plan years beginning in 2014. Because some consumers were finding other coverage options to be more expensive than their cancelled plans or policies, President Obama announced a transition period allowing for the renewal of cancelled plans and policies between January 1 and October 1, 2014, under certain circumstances. Some states have adopted the transitional policy, enabling health insurance issuers to renew their existing plans and policies. Some health insurance issuers are not renewing cancelled plans or policies.

To ensure that consumers whose policies are being cancelled are able to keep affordable health insurance coverage, we are reminding consumers in the individual market of the many options already available to them, and we are clarifying another option for consumers in the individual market.

Options for Consumers

If your health insurance policy has been cancelled, a number of options are already available to you:

- You have the chance to buy any of your health insurance issuer's individual market policies available to you in 2014.
- You may shop for coverage through the Health Insurance Marketplace (the Marketplace). Depending on your income and other factors, you may be eligible to receive a premium tax credit that will help cover the cost of purchasing coverage through the Marketplace or cost-sharing reductions for Marketplace coverage. You may also be eligible for Medicaid.
- You can also shop for policies outside the Marketplace. This is a good option if you do not qualify for premium tax credits or cost-sharing reductions based on your income. If you do qualify for premium tax credits or cost-sharing reductions, you can only get such assistance if you enroll through the Marketplace.

If you have been notified that your policy will not be renewed, you will be eligible for a hardship exemption and will be able to enroll in catastrophic coverage. If you believe that the plan options available in the Marketplace in your area are more expensive than your cancelled health insurance policy, you will be eligible for catastrophic coverage if it is available in your area. In

order to purchase this catastrophic coverage, you need to complete a [hardship exemption form](#), and indicate that your current health insurance policy is being cancelled and you consider other available policies unaffordable. You will then need to submit the following items to an issuer offering catastrophic coverage in your area: (1) the hardship exemption form; and (2) supporting documentation indicating that your previous policy was cancelled. For example, you can submit your cancellation letter or some other proof of cancellation. If you are applying for catastrophic coverage from the same issuer that cancelled your previous policy, the issuer may be able to confirm that based on its internal records. You may then purchase catastrophic coverage from that issuer. Your issuer will send these items to CMS, and CMS will verify that you were eligible for this hardship exemption. If you are not able to submit supporting documentation at the time you submit the exemption form, CMS will contact you to let you know your application is incomplete and cannot be processed until you submit supporting documentation of your previous policy's cancellation. If you are interested in pursuing this option, and you need assistance, please call the call center at: 1-866-837-0677.