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BULLETIN NO. 20-14

TO: **ALL HEALTH INSURANCE COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS, ISSUING MEDICARE SUPPLEMENT PLANS IN THIS STATE**

FROM: **MARLENE CARIDE, COMMISSIONER**

RE: **RESPONSE TO COVID-19 (MEDICARE SUPPLEMENT)**

On March 9, 2020, Governor Phil Murphy declared a state of emergency and public health emergency through the issuance of Executive Order No. 103 to contain the spread of the Coronavirus ("COVID-19") pandemic and, on April 7, 2020, issued Executive Order No. 119 ("EO 103" and "EO 119") declaring that the Public Health Emergency declared in Executive Order No. 103 continues to exist. The Governor subsequently issued Executive Order 104 on March 16, 2020, which required some businesses to close, followed by Executive Order 107 on March 21, 2020, which required all non-essential employees to stay home. Thus, many businesses have closed and/or substantially reduced the hours and services they offer. For a variety of reasons associated with the pandemic, many individuals covered under Medicare Supplement plans may experience difficulty paying premiums on a timely basis thereby jeopardizing maintenance of this critical coverage for these individuals.

On April 9, 2020, Governor Murphy also issued Executive Order No. 123 ("EO 123"). EO 123 directed carriers to refrain from cancelling any policy or contract for nonpayment for a period of time, to exercise appropriate forbearances on collection documentation, to amortize any unpaid payments, and to refrain from seeking recoupment of any unpaid claims paid during the emergency grace period. The purpose of this Bulletin is to provide guidance to all health insurance companies and health maintenance organizations issuing Medicare Supplement plans in this State (collectively "carriers") as the State responds to the Coronavirus Disease 2019 ("COVID-19") outbreak.

Medicare supplement plans provide a 31-day grace period consistent with New Jersey law at N.J.S.A. 17B:26-6 which governs individual Medicare Supplement plans and N.J.S.A. 17B:27-37 which governs group Medicare Supplement plans. In the case of a 31-day grace period, the policyholder has 31 days from the due date in which to pay the premiums. While the state of emergency is in effect, the Department of Banking and Insurance is directing carriers to provide a 60-day grace period during which Medicare Supplement plans may not be terminated for nonpayment of premium.

The grace period may be initially applied towards the April or May premium as the policyholder determines and will continue for 60 calendar days from that date. During this emergency grace period, a carrier shall not terminate that policy for nonpayment of premium. Coverage must remain in force and claims must be paid and may not be pended.

If a carrier has already provided a policyholder with a legally required grace period for April 2020 premiums, the time period for which a grace period has already been granted shall be applied toward the emergency grace period. This 60-day grace period shall only apply to policyholders that were in good standing with their insurance carrier on March 1, 2020 and shall only apply to premiums due after the initial premium has been made to secure coverage.

After the 60-day emergency grace period, a policyholder must be offered the option of amortizing any unpaid premium over the remaining months of the policy, but for not less than six months. For example, if six months are remaining on the policy, the policyholder must be given the option to pay the unpaid premium in six installments in addition to the regular monthly premium. If less than six months remain on the policy, the carrier must allow at least six months for the deferred premium to be paid.

Carriers are directed that they are not to seek recoupment from any policyholder for any claims incurred during this emergency grace period. Carriers are further directed to, in addition to posting information on the carrier's website, provide each policyholder with an easily readable written description of the terms of the extended grace period offered pursuant to this guidance, which shall be submitted to the Department through the System for Electronic Rates and Forms Filing ("SERFF") as an informational filing.

The Department will continue to review this guidance during the duration of EO 103 and EO 119 to ensure policyholders receive the intended relief. If you have any questions, please contact the Department's Office of Life and Health Unit at lifehealth@dobi.nj.gov.

April 10, 2020
Date

Marlene Caride
Commissioner

Medicare Supplement COVID 19/COVID-19