PUBLIC PROTECTION CABINET

Andy Beshear
Governor

Department of Insurance
P.O. Box 517
Frankfort, Kentucky 40602-0517
1-800-595-6053
http://insurance.ky.gov

Ray A. Perry
Secretary

Sharon P. Clark
Commissioner

NOTICE REGARDING TRANSITIONAL PLANS FOR 2023

The Affordable Care Act (ACA) specifically exempts "grandfathered plans" (health benefit plans that were in effect on March 23, 2010, when the law was originally passed) from its requirements. However, the ACA included an implementation phase with the primary requirements not taking effect until January 1, 2014. During this implementation or "transitional" phase, health benefit plans continued to be issued that were not fully ACA compliant. (These plans are commonly referred to as "transitional plans" or "grandmothered plans.") As January 1, 2014, approached and the ACA was to be fully implemented, there was national discussion as to whether transitional plans should be required to become fully ACA compliant. In response to that discussion, the Center for Medicare and Medicaid Services (CMS) issued a letter on November 14, 2013, announcing that, if allowed by states, health insurers could renew transitional plans for one year without having to comply with specific ACA requirements (primarily including rating and essential health benefit requirements). Based on this letter, Kentucky made the determination to adopt this transitional guidance. The CMS policy for transitional plans has been continuously adopted every year since and Kentucky has followed that guidance.

Recently, CMS extended the approval of transitional plans indefinitely, leaving it up to the states as to whether they would continue to allow for the renewal of transitional plans. With that, the Department has decided that Kentucky will continue to allow transitional policies to be renewed.

Should you have any questions please contact the Kentucky Department of Insurance toll-free at 800-595-6053.

Sharon P. Clark, Commissioner
Department of Insurance