

§ 155.735

any information collected on an employee application with respect to spouses or dependents other than the name, address, and birth date of the spouse or dependent.

(2) The SHOP is not permitted to collect information on the single employer or on an employee application unless that information is necessary to determine SHOP eligibility or effectuate enrollment through the SHOP.

(g) *Applicability date.* The provisions of this section apply for plan years beginning on or after January 1, 2018.

[83 FR 17066, Apr. 17, 2018]

§ 155.735 Termination of SHOP enrollment or coverage for plan years beginning prior to January 1, 2018.

(a) *General requirements.* The SHOP must determine the timing, form, and manner in which coverage or enrollment in a QHP through the SHOP may be terminated.

(b) *Termination of employer group health coverage or enrollment at the request of the employer.* (1) The SHOP must establish policies for advance notice of termination required from the employer and effective dates of termination.

(2) In the Federally-facilitated SHOP, an employer may terminate coverage or enrollment for all enrollees covered by the employer group health plan effective on the last day of any month, provided that the employer has given notice to the Federally-facilitated SHOP on or before the 15th day of any month. If notice is given after the 15th of the month, the Federally-facilitated SHOP may terminate the coverage or enrollment on the last day of the following month.

(c) *Termination of employer group health coverage for non-payment of premiums.* (1) The SHOP must establish policies for termination for non-payment of premiums, including but not limited to policies regarding due dates for payment of premiums to the SHOP, grace periods, employer and employee notices, and reinstatement provisions.

(2) In an FF-SHOP, for premium payments other than payments for the first month of coverage—

(i) For a given month of coverage, premium payment is due by the first day of the coverage month.

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(ii) If premium payment is not received 31 days from the first of the coverage month, the Federally-facilitated SHOP may terminate the qualified employer for lack of payment. The termination would take effect on the last day of the month for which the Federally-facilitated SHOP received full payment.

(iii) If a qualified employer is terminated due to lack of premium payment, but within 30 days following its termination the qualified employer requests reinstatement, pays all premiums owed including any prior premiums owed for coverage during the grace period, and pays the premium for the next month's coverage, the Federally-facilitated SHOP must reinstate the qualified employer in its previous coverage. A qualified employer may be reinstated in the Federally-facilitated SHOP only once per calendar year.

(iv) Enrollees enrolled in continuation coverage required under 29 U.S.C. 1161, *et seq.* through the Federally-facilitated SHOP may not be terminated if timely payment is made to the Federally-facilitated SHOP in an amount that is not less than \$50 less than the amount the plan requires to be paid for a period of coverage unless the Federally-facilitated SHOP notifies the enrollee of the amount of the deficiency and the enrollee does not pay the deficiency within 30 days of such notice, pursuant to the notice requirements in § 155.230.

(3) *Payment for COBRA Continuation Coverage.* Nothing in this section modifies existing obligations related to the administration of coverage required under 29 U.S.C. 1161, *et seq.*, as described in 26 CFR part 54.

(d) *Termination of employee or dependent coverage or enrollment.* (1) The SHOP must establish consistent policies regarding the process for and effective dates of termination of employee or dependent coverage or enrollment in the following circumstances:

(i) The employee or dependent is no longer eligible for coverage under the employer's group health plan;

(ii) The employee requests that the SHOP terminate the coverage of the employee or a dependent of the employee under the employer's group health plan;

(iii) The QHP in which the enrollee is enrolled terminates, is decertified as described in §155.1080, or its certification as a QHP is not renewed;

(iv) The enrollee changes from one QHP to another during the employer's annual open enrollment period or during a special enrollment period in accordance with §155.725(j); or

(v) The enrollee's coverage is rescinded in accordance with §147.128 of this subtitle.

(2) In the FF-SHOP, termination is effective:

(i) In the case of a termination in accordance with paragraphs (d)(1)(i), (ii), (iii), and (v) of this section, termination is effective on the last day of the month in which the Federally-facilitated SHOP receives notice of the event described in paragraph (d)(1)(i), (ii), (iii), or (v) of this section.

(ii) In the case of a termination in accordance with paragraph (d)(1)(iv) of this section, the last day of coverage in an enrollee's prior QHP is the day before the effective date of coverage in his or her new QHP, including for any retroactive enrollments effectuated under §155.725(j)(5).

(iii) The FF-SHOP will send qualified employees a notice notifying them in advance of a child dependent's loss of eligibility for dependent child coverage under their plan because of age. The notice will be sent 90 days in advance of the date when the dependent enrollee would lose eligibility for dependent child coverage. The enrollee will also receive a separate termination notice when coverage is terminated, under §155.735(g).

(e) *Termination of enrollment or coverage tracking and approval.* The SHOP must comply with the standards described in §155.430(c).

(f) *Applicability date.* The provisions of this section apply to coverage—

(1) Beginning on or after January 1, 2015; and

(2) In any SHOP providing qualified employers with the option described in §155.705(b)(2) or the option described in §155.705(b)(4) before January 1, 2015, beginning with the date that option is offered.

(g) *Notice of termination.* Beginning January 1, 2016:

(1) Except as provided in paragraph (g)(3) of this section, if any enrollee's coverage or enrollment through the SHOP is terminated due to non-payment of premiums or due to a loss of the enrollee's eligibility to participate in the SHOP, including where an enrollee loses his or her eligibility because a qualified employer has lost its eligibility, the SHOP must notify the enrollee of the termination. Such notice must include the termination effective date and reason for termination, and must be sent within 3 business days if an electronic notice is sent, and within 5 business days if a mailed hard copy notice is sent.

(2) Except as provided in paragraph (g)(3) of this section, if an employer group's coverage or enrollment through the SHOP is terminated due to non-payment of premiums or, where applicable, due to a loss of the qualified employer's eligibility to offer coverage through the SHOP, the SHOP must notify the employer of the termination. Such notice must include the termination effective date and reason for termination, and must be sent within 3 business days if an electronic notice is sent, and within 5 business days if a mailed hard copy notice is sent.

(3) Where State law requires a QHP issuer to send the notices described in paragraphs (g)(1) and (2) of this section, a SHOP is not required to send such notices.

(4) When a primary subscriber and his or her dependents live at the same address, a separate termination notice need not be sent to each dependent at that address, provided that the notice sent to each primary subscriber at that address contains all required information about the termination for the primary subscriber and his or her dependents at that address.

(h) *Applicability date.* The provisions of this section apply for plan years beginning before January 1, 2018.

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