INSURANCE MANAGEMENT SERVICES

RESCISSION NO LONGER ALLOWED UNDER THE PPACA

What does Rescission mean?
According to the Patient Protection and Affordable Care Act,
"rescission is defined as a retroactive termination of coverage".

In the past, IMS has acted on behalf of our groups to terminate participants based on their actual termination date. In some instances, we did not receive this termination information timely, therefore allowing the participants to effectively remain on the plan until we received the termination data. At that point, we would terminate the participant in our system back to their original termination date. We would then review our records to determine whether any claims had been paid during the time the participant should have been termed. If any claims were paid, we requested refunds from the providers and refunded those monies to the group. This process was called Retroactive Termination, or Rescission.

Effective for plan years or renewals beginning on or after September 23, 2010, rescission is not permitted except in cases of fraud or intentional misrepresentation of material fact as provided by the terms of the plan of coverage.

What this means to our groups is that we will no longer have the ability to rescind coverage back to the original termination date. If a participant it not terminated timely from the plan, we will now be required to allow those participants to remain on the plan until we receive their termination information, and in some cases 30 days beyond that date.

One exception to this rule relates to COBRA. In the event a participant has elected or is in their Cobra waiting period, and does not pay their premium amount by the deadline, we will have the ability to rescind their coverage, and will be able to request refunds from the providers.

We want to stress how important it is for all of our groups to notify us immediately upon termination of a participant. Terminations can be made online through our website, through e-mail notification with your eligibility representative, or via facsimile.