



# Understanding Binder & Premium Payments



## What is a binder payment?

A binder payment is the first payment you make to an insurance company to purchase the health plan you enrolled in. The binder payment covers the cost of your first month's premium.

The binder payment is due 30 days after you enroll in the plan. The insurance company you bought your plan from will send you a bill with the due date. Make sure to submit your payment by the date on the bill.

## What is a binder payment?

A premium payment is the amount you pay each month to stay enrolled in your health plan. The premium is usually due the first of each month. Your health plan will send you a bill each month. Make sure you pay the premium by the due date each month to keep your health insurance.

### Here is an example of how binder and premium payments work:

- Mary enrolled in a health plan on November 15
- Mary's coverage starts on January 1
- Mary's binder payment is \$100.00
- Mary must pay the insurance company \$100 by December 14 to be enrolled in the plan
- Mary's monthly premium is \$100
- To stay enrolled in the plan, Mary must pay \$100 to the insurance company by the first day of each month beginning February 1

## What if I don't pay my binder payment?

If you do not pay the full amount you owe no later than 30 days after you enrolled in a plan, the insurance company will cancel your policy.

Example: Carlos paid the binder payment during the grace period

- Carlos enrolled in a health plan December 1
- Carlos' coverage started on January 1
- Carlos' binder payment of \$50 was due to the insurance company on January 1, but he never paid it
- Carlos' plan was terminated by the insurance company on January 30. He had no health insurance coverage at all, and will have to pay for any healthcare services she received in January

## Premium Payment Grace Periods

### Enrollees who do not get tax credits

If you do not accept or are not eligible for Advance Premium Tax Credits (APTCs), the grace period is 31 days after your premium is due. The marketplace and your insurance company will send you notices about the amount you owe and provide the due date payment must be received for you to be enrolled in the health plan.

#### Example: The premium grace period for Anthony, who is not eligible for tax credits

- Anthony enrolled in a health plan December 1 and paid the \$100 binder payment before it was due
- Anthony's health coverage started on January 1
- Anthony paid his \$100 monthly premium to the insurance company for February and March
- Anthony did not pay the \$100 premium to the insurance company on April 1
- Anthony had a 31-day grace period - until May 2 - to pay the premium payment before his plan was terminated for nonpayment
- Anthony paid the \$100 premium for April on April 26
- Anthony still had insurance coverage during the month of April and will continue to be covered as long as he pays his \$100 premium each month

### Enrollees who get tax credits

If you get tax credits, your grace period is 90 days after your monthly premium is due. When you make a payment, you must pay the full premium amount due to keep coverage. The marketplace and your insurance company will send you notices about the amount you owe and provide the due date payment must be received for you to be enrolled in the health plan.

An example is provided on the following page.





## Enrollees who get tax credits (continued from page 2)

### Example: The premium grace period for Mika, who is eligible for tax credits

- Mika enrolled in a health plan December 1 and paid the \$100 binder payment before it was due
- Mika's coverage started on January 1
- Mika paid the \$100 monthly premium to the insurance company for February and March
- Mika did not pay the \$100 premium payment to the insurance company for April or May
- Mika had a 31-day grace period from May 1 until July 3 to pay the premium payments for April, May, and June before the plan was terminated for nonpayment
- Mika paid the \$100 premium for April, May, and June (\$300) on June 30
- Mika was still enrolled in the health plan

## Your health coverage during grace periods

If you do not pay your binder or premium payments, you are not covered until you make full payment for all that you owe. Your coverage will be suspended, meaning that if you go to a doctor, the insurance company will not cover the cost of the care you receive until you pay what you owe to the health plan.

Many providers will not treat you for non-emergency care when your insurance is suspended. Once you pay the full amount you owe the health plan, you will be covered for care received during the grace period. The provider will have to resubmit the claim to receive payment.

If you do not pay the binder or premium payments and your plan is cancelled, you will have to pay for the treatment you received out of your own pocket. If payment is an issue, you will have to work a payment plan out with your healthcare provider.

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