She Owed Her Insurer a Nickel, So It Canceled Her Coverage

Premium subsidies for ACA plans are automatically recalculated every time coverage is changed because of a life event, such as marriage, a change of job or a child turning 26.

April 2, 2026 By Elisabeth Rosenthal and KFF Health News

Last summer, Lorena Alvarado Hill received a series of unexpected medical bills.

A teacher's aide in Melbourne, Florida, Hill is a single mom who works shifts at J.Crew on the weekends to send her daughter to college. Hill and her mother, who lives with her, had been enrolled in an insurance plan through HealthFirst.

Hill paid nothing toward the premiums for the government-subsidized plan, which previously had covered her scans and other appointments.

Then the bills came.

Hill was on the hook for a $2,966.93 MRI, as well as more than half a dozen doctor visits costing about $200 or $300 each. Without that kind of money on hand, Hill said, she put a few of the bills on payment plans and tried to figure out what had gone wrong.

She discovered, to her surprise, that her insurance had been canceled for "non-payment of premiums."

The Medical Service

A health insurance plan purchased through the Affordable Care Act federal exchange, healthcare.gov.

The Bill

A monthly premium bill for 1 cent, which in the following months increased incrementally to 5 cents.

The Billing Problem: Small Bill, Big Consequences

Premium subsidies for ACA plans are automatically recalculated every time coverage is changed

because of a life event, such as marriage, a change of job, or a child turning 26. In June, Hill removed her mother from the family's group plan because she turned 65 and became eligible for Medicare and Medicaid.

The change triggered a recalculation of Hill's monthly premium contribution, increasing it from $0 to 1 cent. She said she thought the amount was so small that she couldn't pay it with her credit card.

Hill acknowledged she had received some bills that noted, "You may lose your health insurance coverage because you did not pay your monthly health insurance premium."

But she said that her doctors collected the usual copayments during subsequent visits and that her insurance broker told her not to worry, reassuring her that the plan was "active." Hill figured the 1-cent monthly premium was probably a rounding error that couldn't result in termination, she said.

On November 22, she got a letter marked "Important: Your health insurance coverage is ending." It listed the last day of coverage as July 31, nearly four months before.

"I panicked," Hill said. "I didn't sleep that night."

She made an appointment the next day with her broker, who called HealthFirst for clarification. The news was even worse: Not only had her insurance been canceled, but the 5-cent bill could be sent to a collection agency.

Hill takes out loans to pay her daughter's college expenses. "I couldn't have my credit ruined," she said.

Others have lost their coverage over owing small amounts, said Sabrina Corlette, co-director of the Center on Health Insurance Reforms at Georgetown University. "This woman's situation is not so unusual with the enhanced subsidies," she said.

The American Rescue Plan, passed in 2021, increased the amount of government assistance available to ACA plan holders. Those enhanced subsidies, which Congress let expire at the end of last year, meant enrollees with lower incomes had to pay little or nothing toward their premiums.

The Biden administration found that, in 2023, about 81,000 subsidized ACA insurance policies were terminated because the enrollee owed $5 or less. Nearly 103,000 more were canceled for owing less than $10.

To prevent that kind of coverage loss, most likely hitting people with little income, Biden administration health officials gave insurers the flexibility to allow ACA enrollees to retain coverage if they owed less than $10, or less than 95% of premium costs.

Insurers were required to keep insurance active for a 90-day “grace period” to give enrollees time to respond. That’s why Hill’s doctors initially took her copayments and sent no bill, as if nothing had changed.

That Biden administration “flexibility” rule took effect January 15, 2025, though not every insurer opted to offer leniency to those owing small amounts.

The Trump administration removed the rule on August 25, eliminating the protection entirely in the name of combating fraud and abuse.

The Resolution

Alarmed by the cancellation, the thousands of dollars in bills, and the threat of collections over 5 cents, Hill researched insurance law and fought back.

She filed a complaint in December with HealthFirst and the Florida Department of Financial Services asking for a write-off of her 5-cent balance and retroactive restoration of her policy, citing state and federal laws that seemed to apply to her situation.

In particular, she wrote, “creditors are not required to collect, and consumers are not required to pay, credit-card balances of $1.00 or less,” adding that “all major insurers and payment processors in Florida follow a 1-cent write-off policy.”

She noted that HealthFirst’s policy was to respond to complaints in 30 days.

Thirty days came and went, but Hill said she heard nothing in response — and new bills from her canceled policy kept coming.

Despite her frustration, Hill said, all her doctors were contracted with HealthFirst, so she reenrolled for 2026.

Lance Skelly, a spokesperson for HealthFirst, initially said the case “is still in the appeals/grievance process.” In a follow-up email, he said HealthFirst had followed the law in canceling Hill’s policy.

“Stepping back from what’s legal, this is just ridiculous,” Corlette said.

Weeks after a reporter’s query to the insurer, Hill said she looked at her billing statements for all the medical services she received in 2025 and was pleasantly surprised that the balances owed had been adjusted to $0.

But she said she would also like HealthFirst to cover what she had paid and still owed toward the bills she’d put on payment plans.

The Takeaway

Even small bills can have major consequences.

With the automation of more health billing decisions, irrational results have become increasingly common.

“One cent?!” Hill said. “No human would do this!”

It can be tempting to dismiss the notice of a tiny debt, but it’s important to take it seriously. Contact the insurer and get a human involved.

And while insurance policies have grace periods allowing coverage to remain in place if you miss a payment, some are not very long. For subsidized ACA marketplace plans, the period is 90 days, but others last just 30 or 45.

Missing one payment can mean losing coverage. So it’s important to keep a close eye on premiums to make sure they’re paid.

This story was published by KFF Health News on DATE, 2026. It is republished with permission.

Bill of the Month is a crowdsourced investigation by KFF Health News and The Washington Post’s Well+Being that dissects and explains medical bills. Since 2018, this series has helped many patients and readers get their medical bills reduced, and it has been cited in statehouses, at the U.S. Capitol, and at the White House. Do you have a confusing or outrageous medical bill you want to share? Tell us about it!

This story was published by KFF Health News on March 30, 2026. It is republished with permission.
