

Bulletin 218

Small group health insurance: guaranteed issue and enforce policy exclusions

September 2, 1993

This bulletin clarifies the applicability of several provisions of Maine's small group health insurance reform law (Title 24-A M.R.S.A., Section 2808-B).

GUARANTEE ISSUE

Insurers have raised concerns about the guaranteed issuance provisions of 24-A M.R.S.A. Section 2808-B(4).

Historically some insurers have refused to sell health insurance unless a small group also purchased the life insurance offered. Because of the guarantee issue requirement for small group health insurance, insurers may no longer make it a requirement to buy the life insurance. Any insurer choosing to sell small group health insurance must offer the health insurance as a separate product. The life insurance and other insurance products may be underwritten and will not be required to be sold on a guaranteed issue basis.

INFORCE POLICY EXCLUSIONS

Policy or certificate provisions or riders limiting or excluding coverage for preexisting medical conditions must be reduced to 18 months on the first renewal date on or after July 15, 1993 and must be further reduced to 12 months on the first renewal date on or after December 1, 1993. In counting exclusionary periods, the time commences with the effective date of coverage.

PERSONS PREVIOUSLY DENIED COVERAGE

Individuals previously denied coverage may reapply seeking an effective date on or after July 15, 1993; however, the exclusions and limitations from coverage which are permitted may differ depending on when the application is made. Please note the following:

1. On or after July 15, 1993, applicants previously denied coverage when initially eligible who apply for coverage before or on the group renewal date must be accepted by the insurer and may not be treated as late enrollees. The applicants may be subject to an 18-month preexisting conditions exclusionary period only if they had no prior coverage. The exclusionary period is limited to 12 months after November 30, 1993.
2. Applicants previously denied coverage who apply for coverage after the first renewal date on or after July 15, 1993, may be considered a late enrollee. Either an 18-month waiting period or an 18-month preexisting conditions exclusionary period is permitted. The exclusionary or waiting period is limited to 12 months after November 30, 1993.

APPLICABILITY OF 24-A M.R.S.A. SECTION 2849-A

The extension of benefits for the totally disabled remains applicable when one group plan is replaced by another.

STATE CONTACTS

Insurers with questions should discuss these issues with the staff of the Life and Health Insurance or the Life and Health Actuarial sections of the Bureau of Insurance.

Brian K. Atchinson
Superintendent of Insurance

NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers are encouraged to consult applicable statutes and regulations and to contact the Bureau of Insurance if additional information is needed.