

Bulletin 326

HEALTH INSURANCE: NEW RULE 755 - CLARIFICATION

This bulletin is intended to clarify several issues concerning Rule 755 – Health Insurance Classifications, Disclosure and Minimum Standards.

Q: Are all policies that are subject to the Rule required to have an Outline of Coverage?

A: No. Section 7(B)(1) of the Rule states:

An insurer shall deliver an outline of coverage to an applicant or enrollee in the sale of individual health insurance, group health insurance, dental plans, and vision plans as required in 24-A M.R.S.A. § 2695. This requirement shall not apply to group major medical policies and certificates issued to employer groups as described in 24-A M.R.S.A. § 2804 and labor union groups as described in 24-A M.R.S.A. § 2805. This requirement shall not apply to group major medical policies and certificates issued to employer groups as described in 24-A M.R.S.A. § 2804 and labor union groups as described in 24-A M.R.S.A. § 2805.

In addition to the exception for certain group major medical policies, 24-A M.R.S.A. § 2695(7), provides that no Outline of Coverage is required for group health insurance, group dental plans, or group vision care plans, if the certificate contains a brief description of (A) benefits; (B) provisions that exclude, eliminate, restrict, limit, delay or in any other manner operate to qualify payment of the benefits; (C) renewability provisions; and (D) notice requirements as provided in Rule 755.

Q: Section 10 of the Rule (Transition) requires carriers to provide by October 1, 2004, a list of previously approved forms that are subject to the Rule and that the carrier intends to continue offering after January 1, 2005. If a carrier does not have any such forms, is any notice to the Bureau required?

A: No.

Q: Does Section 10 of the Rule (Transition) apply to dental and vision plans?

A: Yes.

Q: Does Section 10 of the Rule (Transition) apply to applications?

A: Yes.

Q: Does Rule 755 apply to short-term medical insurance?

A: Yes.

Q: Does Rule 755 apply to disability income insurance?

A: It applies to individual disability income. It does not apply to group disability income.

Q: Does Rule 755 apply to a group mortgage disability product that pays a benefit directly to the financial institution during the disability period?

A: No.

Q: Does Rule 755 apply to blanket policies?

A: No.

Q: Does Rule 755 apply to employee benefit excess (stop-loss) insurance?

A: No.

Q: Does Rule 755 apply to policies and certificates issued before January 1, 2005, and renewed after that date?

A: No, the Rule only applies to policies and certificates delivered or issued for delivery in Maine on or after January 1, 2005.

Q: For family coverage, do the minimum benefit standards in Section 6 of the Rule apply to all

insureds or only the primary insured.

A: The minimums apply to all insureds. For example, if an accidental death policy that provides for a spouse benefit that is 50% of the primary insured's benefit would have to have a primary death benefit of at least \$4,000 in order for the spouse benefit to meet the \$2,000 minimum death benefit in Section 6(I) of the Rule.

Q: For PPO, do the minimum benefit standards in Section 6 of the Rule apply to out-of-network benefits or only to in-network benefits.

A: The minimums apply to both in- and out-of-network benefits.

Q: Where can I find Rule 755 on the web?

A: From the Secretary of State's web site: <http://www.maine.gov/sos/cec/rules/02/031/031c755.doc>
September 8, 2004 Alessandro A. Iuppa
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.