

Certificates of Creditable Coverage Guidelines

(HIPAA - Health Insurance Portability and Accountability Act of 1996)

Guidelines

Sample: Certificate of Group Health Plan Coverage

Sample: State Mandated Certificate Notice Requirements

Certificates of Creditable Coverage Guidelines

(Applicable to Medical Coverage(s) only)

These guidelines are being provided as information only and are not intended to be all-inclusive or to serve as legal advice. In addition, the requirements described in this manual may change. Employers should consult their own attorneys and advisors to determine their responsibilities under HIPAA Federal and State laws.

HIPAA requires **group health plans and health insurance issuers** to furnish certificates of creditable coverage to certain individuals who lose coverage under a group health plan. Both the plan and the health insurance issuer have the obligation to furnish these certificates.

If your organization assumes the responsibility of furnishing the certificates, we will require a written document signed by each party that your organization has agreed to furnish certificates of creditable coverage to persons who will lose coverage under the group health plan insured by our company.

The outline is not intended to be definitive, or all-inclusive. Your organization's responsibilities will be finalized in a written document signed by each party.

Employer/Plan Sponsors' Responsibilities

1. Will furnish certificates of creditable coverage to individuals who are or have been covered under the group health insurance or health maintenance organization plan, or an entity requesting the certificate on behalf of such an individual, in accordance with the HIPAA.
2. Will retain accurate records of all transactions related to your responsibilities described in this letter, including, but not limited to, correspondence with persons regarding certificates of creditable coverage and copies or other records of certificates that have been provided to individuals. We have the right to review and obtain copies of these records.
3. Promptly provide us with necessary information so that we can make other arrangements to furnish certificates of creditable coverage in the event we determine that you are not furnishing certificates of creditable coverage in accordance with the HIPAA. If we make such other arrangements to provide the certificates, there will be an appropriate charge for this service.

Note: If your organization is interested in purchasing our Certificates of Creditable Coverage Services, please contact your Group Representative for details.

Furnishing Certificates of Creditable Coverage

The following information is being provided to assist you in furnishing "Certificates of Creditable Coverage" (refer to Federal Model on following page):

1. A certificate of creditable coverage must be provided automatically when a covered employee or dependent either:
 - a) loses coverage under the plan or otherwise becomes covered under a COBRA continuation plan;
 - b) when the COBRA continuation coverage ends; and
 - c) when requested, within 24 months of losing coverage.
2. A certificate of creditable coverage must also be provided, if requested, before the individual loses coverage.
3. A certificate of creditable coverage may be furnished through the use of the model certificate included in this section.
4. You must make reasonable efforts to collect the necessary information for dependents and issue the dependent a certificate of creditable coverage as follows.
 - a) If the coverage information for a dependent is the same as for the employee, one certificate with both the employee and dependent information can be provided. Otherwise, separate certificates are required.
 - b) If only the dependent loses coverage under the plan, a certificate is to be furnished to the dependent for purposes of creditable coverage.
5. At no time must the certificate reflect more than the 18 months of creditable coverage that is not interrupted by a break in coverage of 63 days or more.
6. Furnish certificates of creditable coverage with the state mandated notice requirement (i.e., AZ, MT - Refer to notice samples following this section).
7. Retain accurate records or copies of all furnished certificates of creditable coverage.

Certificate of Group Health Plan Coverage – Sample Federal Model

CERTIFICATE OF GROUP HEALTH PLAN COVERAGE

- | | |
|---|---|
| 1. Date of this certificate: _____ | 7. For further information, call: _____ |
| 2. Name of group health plan: _____
_____ | 8. If the individual(s) identified in line 5 has (have) at least 18 months of creditable coverage (disregarding periods of coverage before a 63-day break), check here and skip lines 9 and 10: _____ |
| 3. Name of participant: _____ | 9. Date waiting period of affiliation period (if any) began: _____ |
| 4. Identification number of participant: _____ | 10. Date coverage began: _____ |
| 5. Name of any dependents to whom this certificate applies: _____
_____ | 11. Date coverage ended (or if coverage has not ended, enter "continuing"): _____ |
| 6. Name, address, and telephone number of plan administrator or issuer responsible for providing this certificate: _____
_____ | |

[NOTE: Separate certificates will be furnished if information is not identical for the participant and each beneficiary.]

Statement of HIPAA Portability Rights

IMPORTANT – KEEP THIS CERTIFICATE. This certificate is evidence of your coverage under this plan. Under a federal law known as HIPAA, you may need evidence of your coverage to reduce a preexisting condition exclusion period under another plan, to help you get special enrollment in another plan, or to get certain types of individual health coverage even if you have health problems.

Preexisting condition exclusions. Some group health plans restrict coverage for medical conditions present before an individual's enrollment. These restrictions are known as "preexisting condition exclusions." A preexisting condition exclusion can apply only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received within the 6 months before your "enrollment date." Your enrollment date is your first day of coverage under the plan, or, if there is a waiting period, the first day of your waiting period (typically, your first day of work). In addition, a preexisting condition exclusion cannot last for more than 12 months after your enrollment date (18 months if you are a late enrollee). Finally, a preexisting condition exclusion cannot apply to pregnancy and cannot apply to a child who is enrolled in health coverage within 30 days after birth, adoption, or placement for adoption.

If a plan imposes a preexisting condition exclusion, the length of the exclusion must be reduced by the amount of your prior creditable coverage. Most health coverage is creditable coverage, including group health plan coverage, COBRA continuation coverage, coverage under an individual health policy, Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), and coverage through high-risk pools and the Peace Corps. Not all forms of creditable coverage are required to provide certificates like this one. If you do not receive a certificate for past coverage, talk to your new plan administrator.

You can add up any creditable coverage you have, including the coverage shown on this certificate. However, if at any time you went for 63 days or more without any coverage (called a break in coverage) a plan may not have to count the coverage you had before the break.

➔ Therefore, once your coverage ends, you should try to obtain alternative coverage as soon as possible to avoid a 63-day break. You may use this certificate as evidence of your creditable coverage to reduce the length of any preexisting condition exclusion if you enroll in another plan.

Right to get special enrollment in another plan. Under HIPAA, if you lose your group health plan coverage, you may be able to get into another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days. (Additional special enrollment rights are triggered by marriage, birth, adoption, and placement for adoption.)

→ Therefore, once your coverage ends, if you are eligible for coverage in another plan (such as a spouse's plan), you should request special enrollment as soon as possible.

Prohibition against discrimination based on a health factor. Under HIPAA, a group health plan may not keep you (or your dependents) out of the plan based on anything related to your health. Also, a group health plan may not charge you (or your dependents) more for coverage, based on health, than the amount charged a similarly situated individual.

Right to individual health coverage. Under HIPAA, if you are an "eligible individual," you have a right to buy certain individual health policies (or in some states, to buy coverage through a high-risk pool) without a preexisting condition exclusion. To be an eligible individual, you must meet the following requirements:

- You have had coverage for at least 18 months without a break in coverage of 63 days or more;
- Your most recent coverage was under a group health plan (which can be shown by this certificate);
- Your group coverage was not terminated because of fraud or nonpayment of premiums;
- You are not eligible for COBRA continuation coverage or you have exhausted your COBRA benefits (or continuation coverage under a similar state provision); and
- You are not eligible for another group health plan, Medicare, or Medicaid, and do not have any other health insurance coverage.

The right to buy individual coverage is the same whether you are laid off, fired, or quit your job.

→ Therefore, if you are interested in obtaining individual coverage and you meet the other criteria to be an eligible individual, you should apply for this coverage as soon as possible to avoid losing your eligible individual status due to a 63-day break.

Special Information for people on FMLA leave. If you are taking leave under the Family and Medical Leave Act (FMLA) and you drop health coverage during your leave, any days without health coverage while on FMLA leave will not count towards a 63-day break in coverage. In addition, if you do not return from leave, the 30-day period to request special enrollment in another plan will not start before your FMLA leave ends.

→ Therefore, when you apply for other health coverage, you should tell your plan administrator or health insurer about any prior FMLA leave.

State flexibility. This certificate describes minimum HIPAA protections under federal law. States may require insurers and HMOs to provide additional protections to individuals in that state.

For more information. If you have questions about your HIPAA rights, you may contact your state insurance department or the U.S. Department of Labor, Employee Benefits Security Administration (EBSA) toll-free at 1-866-444-3272 (for free HIPAA publications ask for publications concerning changes in health care laws). You may also contact CMS publication hotline at 1-800-633-4227 (ask for "Protecting Your Health Insurance Coverage"). These publications and other useful information are also available on the Internet at: <http://www.dol.gov/ebsa>, the DOL's interactive web pages – Health Elaws, or <http://www.cms.hhs.gov/hipaa1>.

State Mandated Certificate Notice Requirements and Samples

The State mandates are being provided as information only and are not intended to be all-inclusive or to serve as legal advice. In addition, the requirements described in this manual may change. Employers should consult their own attorneys and advisors to determine their responsibilities under HIPAA federal and state laws.

The following states have mandated additional requirements that are to be included on the certificates of creditable coverage.

Arizona Certificate Notice – Sample (The notice must be at least 14pt type)

Important Notice!

Keep this Certificate with your important personal records to protect your rights under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). This Certificate is proof of your prior health insurance coverage. You may need to show this Certificate to have a guaranteed right to buy new health insurance ("Guaranteed Issue"). This Certificate may also help you avoid waiting periods or exclusions for preexisting conditions. Under HIPAA, these rights are guaranteed only for a very short time period. After your group coverage ends, you must apply for new coverage within 63 days to be protected by HIPAA. If you have questions, call the Arizona Department of Insurance.

The Consumer Assistance telephone number for the Department is 602-912-8444 or 1-800-325-2548.

Montana Certificate Notice – Sample

Notice To Montana Residents

You may have the option to apply to the Montana Comprehensive Health Care Association for an association portability plan by contacting the Association within 63 days of termination of creditable coverage. The telephone number and address of the Association is:

Montana Comprehensive Health Association
c/o Blue Cross and Blue Shield of Montana
404 Fuller Avenue
P. O. Box 4309
Helena, MT 59604
1-800-447-7828, extension 8537

COBRA continuation coverage may be available to you. Please refer to your group health plan to determine whether COBRA continuation coverage is available to you or call the phone number provided in item 7. on page 1 of the Certificate for more information.

You may be entitled to convert to an individual health insurance policy. Please refer to your group health plan to determine whether conversion rights are available to you or call 1-800-826-8054 for more information.