



**The State of New Hampshire
Insurance Department**

21 South Fruit Street, Suite 14
Concord, NH 03301

**Roger A. Seigny
Commissioner**

**Alexander K. Feldvebel
Deputy Commissioner**

BULLETIN

Docket No.: INS No. 08-067-AB

TO: All New Hampshire Licensed Health Insurance Companies, Health Maintenance Organizations, Fraternal Benefit Societies and Third Party Administrators

A handwritten signature in black ink, appearing to read "RAS", positioned above the "FROM:" field.

FROM: Roger A. Seigny

DATE: December 31, 2008

RE: Health Insurance Categories of Coverage

Questions have been raised regarding three issues pertaining to form and rate filings: 1) the types of coverage that New Hampshire law allows; 2) the legal requirements that apply to different types of coverage; and 3) the legal requirements that apply to group coverage. This bulletin is intended to identify specific categories of coverage and describe the legal requirements that apply to each category. Carriers submitting form filings and rate filings will be required to identify the category of coverage and the policy type when submitting a form filing and rate filing for approval.

The Categories of Coverage are as follows:

Group Health Plan: A group health plan is health coverage, as that term is defined in RSA 420-G:2, IX, that meets the requirements of RSA 420-G, and that is marketed and sold to an employer, a qualified association trust or a licensed purchasing alliance to provide health care to employees, their families, and other persons associated or formerly associated with that employer. A group health plan may not be marketed or sold to any group other than a large employer group, a small employer group, a qualified association trust as defined in RSA 420-G:2, XV, or a licensed purchasing alliance .

Individual Health: Individual health coverage is an individual insurance policy that constitutes health coverage as that term is defined in RSA 420-G:2, IX and that meets the requirements of RSA 420-G.

Limited Benefit Individual Health: A limited individual health insurance policy is insurance that provides certain health related benefits including income replacement coverage for certain health related events, to individuals and that is not health coverage under RSA 420-G:2, IX, and that does not meet the requirements of RSA 420-G.

Franchise Health: Franchise health coverage is an individual insurance policy that constitutes health coverage as that term is defined by RSA 420-G:2, IX and that meets the requirements of RSA 420-G. Franchise health coverage may only be sold and marketed to at least 10 or more members of a trade association, professional association, labor union or other association, which has been in existence for at least 2 years and which was formed for purposes other than the provision of insurance.

Franchise Limited Benefit Health: Franchise limited benefit insurance is an individual insurance policy that is not health coverage as that term is defined by RSA 420-G:2, IX and that is sold and marketed to at least 10 or more members of a trade association, professional association, labor union or other association, which has been in existence for at least 2 years and which was formed for purposes other than the provision of insurance. Franchise Limited Benefit Policies may be marketed through an employer of 3 or more employees as an individual limited benefit policy.

Group Limited Benefit Health: Group limited health insurance is group health insurance that provides certain health related benefits, including income replacement for health related events, and that is not health coverage under RSA 420-G:2, IX. Group limited health insurance may be marketed and sold only to large employer groups, small employer groups, qualified associations as defined by RSA 420-G:2, XV, and licensed purchasing alliances. Group limited health insurance only includes insurance that provides excepted benefits as those terms are defined in 45 CFR Sects. 146.145(c)(2) through (c)(5) and that is excluded from the definition of group health coverage under RSA 420-G:2, IX. Coverage provided under this category as group supplemental coverage must be designed to fill gaps in the primary group health plan, such as coinsurance or deductibles and must be made available only to those employees in the group that are eligible for coverage under the employer sponsored group health plan. Group supplemental insurance that becomes secondary or supplemental under a coordination of benefits provision shall not be considered to comply with the requirements of group supplemental coverage, and shall not be categorized as an excepted benefit.

Indemnity Health: Indemnity health insurance is coverage provided under a policy of insurance where a specific amount is paid with respect to the occurrence of an event without regard to the actual amount of the expense incurred. Health insurance that pays a fixed benefit only when a specific or named hospital or medical expense is incurred is not indemnity health insurance and shall be categorized as health coverage and subject to the requirements of RSA 420-G. Indemnity health insurance benefits shall not be assignable to a health care provider and must be paid directly to the individual policyholder. The benefits under an indemnity policy

must be paid with respect to an event without regard to whether benefits are provided under any other health plan.

Blanket Accident and Health: Blanket accident and health insurance coverage is coverage issued to ten or more members of any trade or professional association or of a labor union, school, or other organization that has been in existence for at least two years and that was formed in good faith for purposes other than obtaining insurance. Blanket accident and health insurance is that form of insurance intended to cover a group of persons relative to specified hazards incident to an activity or activities of the operations of the association or other organization that is the policyholder. An individual certificate shall not be issued to the person or persons who may receive benefits under group blanket accident and health coverage, nor shall the person or persons who may receive benefits under a blanket policy contribute directly to the premium payment for the policy. Blanket accident and health insurance coverage that (1) is issued to identified members or subscribers; (2) is based on individual enrollment; and (3) provides a certificate of coverage to enrolled members shall be issued on an individual insurance basis, and shall meet all requirements relative to franchise individual health coverage or franchise limited benefit individual health insurance.

The Insurance Policy Types for Each Category of Coverage

The following are the only policy types that are allowed in each category of coverage. A policy that is offered as group health coverage must meet all the requirements of the Health Insurance Portability and Accountability Act (hereinafter HIPAA) and N.H. RSA 420-G. Coverage that does not meet the requirements of HIPAA and N.H. RSA 420-G shall not be offered as group health coverage. A policy that is offered as individual health coverage or franchise health coverage must meet all the requirements of N.H. RSA 420-G. This means that the coverage must be guaranteed renewable, without regard to whether the individual policy holder remains a member of the franchise group through which the coverage is purchased. All group health coverage must be certified by the insurer as compliant with HIPAA and N.H. RSA 420-G. Limited benefit health insurance consisting solely of excepted benefits shall not be sold or marketed as group health coverage, or a group health plan, but may be provided by an employer as group limited benefit health insurance.

Group Health - (Must meet the requirements of N.H. RSA 420-G and HIPAA.)

- Basic Hospital Expense Coverage
- Basic Medical-Surgical Expense Coverage
- Basic Hospital/Medical Surgical expense Coverage
- Major Medical Expense Coverage
- Basic Medical Expense Coverage
- Group Coverage that is not defined as an excepted or a limited excepted benefit under 26 CFR pt. 54.9831-1, Special Rules relating to Group Health Plans.

Individual Health – (Must meet the requirements of N.H. RSA 420-G and HIPAA.)

- Basic Hospital Expense Coverage

Basic Medical-Surgical Expense Coverage
Basic Hospital/Medical Surgical expense Coverage
Major Medical Expense Coverage
Basic Medical Expense Coverage
Individual Coverage that is not defined as an excepted or a limited excepted benefit under 26 CRF pt. 54.9831-1, Special Rules relating to Group Health Plans.

Limited Benefit Individual Health

Accident only coverage
Hospital Confinement Indemnity Coverage with (no coordination of benefits)
Disability Income Protection Coverage
Specified Disease Coverage (no coordination of benefits)
Specified Accident Coverage
Short-term, Nonrenewable medical, hospital, or major medical policies
Limited Scope Dental or Vision benefits (separate policy)
Limited Benefit Health Coverage

Franchise Health – (Must meet the requirements of N.H. RSA 420-G and HIPAA.)

Basic Hospital Expense Coverage
Basic Medical-Surgical Expense Coverage
Basic Hospital/Medical Surgical Expense Coverage
Major Medical Expense Coverage
Basic Medical Expense Coverage
Coverage that is not defined as an excepted or a limited excepted benefit under 26 CFR pt. 54.9831-1, Special Rules relating to Group Health Plans.

Franchise Limited Benefit Health

Accident only coverage
Hospital Confinement Indemnity Coverage (no coordination of benefits)
Disability Income Protection Coverage
Specified Disease Coverage (no coordination of benefits)
Specified Accident Coverage
Limited Benefit Health Coverage
Short-term, Nonrenewable medical, hospital, or major medical policies
Limited Scope Dental or Vision benefits (separate policy)
Travel insurance

Group Limited Benefit Health (Employer Groups Only)

Group Supplemental Benefit (as defined in Group Limited Health Insurance)
Accident only coverage
Hospital Confinement Indemnity Coverage (no coordination of benefits)

Disability Income Protection Coverage
Specified Disease Coverage (no coordination of benefits)
Specified Accident Coverage
Limited Benefit Health Coverage
Limited Scope Dental or Vision benefits (separate policy)

Forms shall meet the required standards for the type of coverage offered. Policies submitted as limited benefit individual health insurance, limited benefit franchise insurance, or group limited benefit health insurance shall not contain riders that expand the type of coverage provided beyond that allowed by the standards. Expense based riders that provide for scheduled benefits for surgical, office visits, and prescription drugs are permitted only on policies that comply with RSA 420-G. If a policy does not fall within a type of coverage identified in this bulletin, it shall be submitted as a limited benefit filing and shall comply with the requirements of department bulletin Docket No. 08-024-AB, Standards for Form and Rate Review and Approval of Limited Benefit Policies. Limited benefit policies that provide coverage for benefits in addition to the limited or supplemental benefits allowed as excepted benefits in HIPAA, 26 CFR pt. 54.9831.1, Special Rules relating to Group Health Plans will not be approved.

To prevent unnecessary delays in reviewing filings and to ensure that new products reach the market as quickly as possible, the department will require that all product and rate submissions clearly identify both the category and type of coverage in accordance with this bulletin. The department will return all product and rate submissions that do not conform to New Hampshire law.

To avoid spending an excessive amount of time on reviewing non-compliant submissions, the department may return a submission before completing review of the submission if the department determines that the submission substantively fails to comply with the law. Carriers are responsible for ensuring that the policies submitted for form and rate approval conform to the requirements of state law. Any product that is submitted that has not been drafted to conform to New Hampshire law may be returned with a general statement of non-conformance.

All form filings shall include applicable rates.

For questions regarding this bulletin please contact Michael Wilkey at 603-271-2261.