



State of Vermont
Department of Banking, Insurance,
Securities and Health Care Administration
89 Main Street, Drawer 20
Montpelier, VT 05620-3101
www.bishca.state.vt.us

For consumer assistance
[Insurance] 800-964-1784
[Securities] 877-550-3907
[Health Care Administration] 800-631-7788

Revised HCA Bulletin 127: Discrimination Against Disability Due to a Mental Health Condition Prohibited in Disability Income Replacement Insurance

This Bulletin clarifies the Department's policy regarding discrimination against persons disabled due to a mental health condition in the context of disability income replacement insurance.

Authority:

The Department is charged with the responsibility of supervising health insurance companies and health insurance in such a way as to protect consumers against unfair and unconscionable practices. 8 V.S.A. §10. The Commissioner is authorized to issue this Bulletin pursuant to 8 V.S.A. §15.

Benefit Limitations in Disability Policies:

Title 8 V.S.A. §4062 prohibits unjust or unfair policy terms. Vermont is committed to mental health parity, and will not approve policies that discriminate against persons disabled due to a mental health condition. Disability income replacement policies may not limit or exclude coverage for disabilities resulting from a mental health condition. "Mental health condition" is defined in Vermont as any condition or disorder involving mental illness or alcohol or substance abuse that falls under any of the diagnostic categories listed in the mental disorders section of the international classification of disease, as periodically revised.

For example, policies may not impose a 24-month limitation on disabilities resulting from or due to a mental health condition unless the limitation also applies to all other disabilities. Policies may, however, place limits on benefits for persons disabled due to a mental health condition provided that such limitations are no more restrictive than limitations imposed on physical disability benefits.

Nothing in this bulletin should be interpreted to mean that carriers are prohibited from underwriting the sale of disability insurance products in a manner otherwise consistent with the law.



Scope of Bulletin:

This bulletin shall apply to individual policies and group policies issued or renewed on or after November 1, 2009. This bulletin shall not apply to policies in force before November 1, 2009 if the policy provides that the insurer may not change the terms or premium rates (i.e., non-cancellable and guaranteed renewable policies). All other policies must come into compliance on the issuance or renewal date following November 1, 2009, but in no event later than November 1, 2012.

Filing Requirements:

Policies that are not currently in compliance with Vermont law as described in this Bulletin must come into compliance, either through approved rider or by amending the policy form.

Enforcement:

Failure to comply with applicable legal obligations may be enforced pursuant to Title 8.

Dated at Montpelier, Vermont this 22nd day of October, 2008.



Paulette J. Thabault, Commissioner