

**ORIGINAL**

STATE OF VERMONT
DEPARTMENT OF BANKING AND INSURANCE
MONTPELIER, 05602

BULLETIN NO. 95

September 20, 1989

RECENT STATUTORY AND REGULATORY CHANGES
HEALTH INSURANCE

The attached is a brief summary of the major points of laws relating to health insurance passed during the 1989 Vermont legislative session and recent regulations. The entire text of the law or regulation should be consulted to insure compliance.

Regulations

1. Maternity Coverage--Regulation 89-1 (Rule No. 89-PO6)

This regulation requires that all health insurance policies (except specified disease, accident only, and disability income) issued or renewed after October 1, 1989 provide maternity coverage. Maternity coverage means the payment of benefits to insureds for medical expenses resulting from pregnancy, childbirth, prenatal care, and related conditions and complications. This coverage shall be subject to the same deductibles, durational limits, and co-insurance factors as other conditions, illnesses or accidents covered by the policy or contract. Rates and forms required to comply with this new regulation must be filed and approved prior to use.

2. Medicare Supplements--Regulation 89-2 (Rule No. 89-P15)

All medicare supplement policies issued or renewed after September 11, 1989 shall meet the minimum standards for medicare supplements outlined in this regulation. This regulation supersedes the medicare supplement coverage requirements outlined in Regulation 80-1 and is designed to make certain these policies supplement the medicare coverage under the new federal catastrophic coverage act. The regulation is based closely on the NAIC model endorsed by Health Care Financing Administration.

Legislation

1. Regulation of Out-of-State Groups; New Group Definition--S.204, Act No. 106

Under this law, forms and rates for certificates based on policies covering over 25 Vermont residents issued outside Vermont must be filed and approved by the Department. This requirement is effective for all new business on September 1, 1989. For existing business, the law provides that forms and rates must be filed for approval according to the following schedule:

For coverage existing on September 1, 1989 which is renewed on a policy anniversary date between September 1, 1989 and December 31, 1989, the filing requirement shall take effect one year after such anniversary date;

For coverage existing on September 1, 1989 which is renewed between December 31, 1989 and December 31, 1990, the filing requirement shall take effect on the date of renewal;

For coverage existing on September 1, 1989 other than coverage described above, the filing requirement shall take effect on December 31, 1990.

The law also clarifies the definition of those groups and associations which are permitted to purchase health insurance policies for individuals and requires all insurance companies covering over 25 Vermont residents to be licensed in the state.

2. Transfer Statute for Group Insurance Policies--H.287, Act No. 113

This law, effective on July 1, 1989, requires insurers who take over group coverage from another insurer to cover all risks insured by the prior carrier. It also sets up required notice procedures for termination of group coverage, cancellation procedures for nonpayment of premium, and continuing coverage provisions for up to a year for totally disabled individuals after termination of group coverage.

3. Mental Health Providers--H.350, Act No. 43

This statute, effective July 1, 1989, requires insurers to recognize "certified mental health professionals" as eligible mental health services providers under 8 V.S.A. § 4089. The effect is to include certain certified mental health counselors and certified clinical social workers in

the group of providers eligible for reimbursement of mental health benefits.

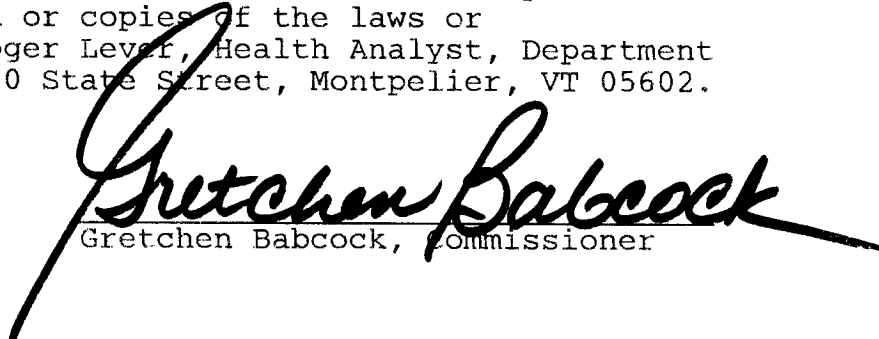
4. Inclusion of Part-time Employees--H.279, Act No. 34

This statute, effective July 1, 1989, requires insurers to make coverage available to employers for all employees who work 17 1/2 hours or more per week. The law does not require the employer to provide or contribute to such coverage.

5. Long-Term Care Insurance--H.256, Act No. 70

This statute, effective July 1, 1989, requires all long term care insurance policies provided to Vermont residents, even if issued in another state, to be approved by the Commissioner. It is based on the NAIC model and requires that all policies meet certain disclosure requirements and provide minimum benefits such as elimination of hospital stay prerequisites, inflation protection, and mandatory home health care coverage.

Companies are expected to comply with the requirements of these laws and regulations on their effective dates. If there are specific questions concerning these changes, or companies or agents need more information or copies of the laws or regulations, please write Roger Lever, Health Analyst, Department of Banking and Insurance, 120 State Street, Montpelier, VT 05602.


Gretchen Babcock, Commissioner