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BULLETIN NO. 14-12

TO: ALL HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS, HEALTH SERVICE CORPORATIONS, HEALTH INSURANCE COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS TRANSACTING BUSINESS IN NEW JERSEY

FROM: KENNETH E. KOBYLowski, COMMISSIONER

RE: APPLICATION OF PLAN OPTION WITHDRAWAL REQUIREMENTS AS AFFECTED BY FINAL FEDERAL RULES GOVERNING UNIFORM MODIFICATION OF COVERAGE

Historically, a number of carriers issuing individual and small employer health benefit plans in New Jersey have exercised their option to withdraw a plan, plan option, or deductible/copayment option in the individual and small employer markets pursuant to the requirements set forth in N.J.A.C. 11:20-18.6 and N.J.A.C. 11:21-16, respectively. These types of withdrawals have facilitated the streamlining of product portfolios and enabled carriers to focus on updated plan designs to be more responsive to consumer interest. While these withdrawal provisions continue to be necessary, the final Federal rules governing uniform modification of coverage which are effective July 28, 2014 provide that certain actions be considered a uniform modification and not a matter for which a withdrawal filing would otherwise be required. The purpose of this Bulletin is to provide guidance as to how the New Jersey withdrawal requirements will be applied given the federal rules governing uniform modification of coverage as set forth in 45 CFR 146.152, 147.106 and 148.122.

Uniform Modification of Coverage

Pursuant to the new federal rules, if a carrier with individual or small employer health benefit plans seeks to modify an existing plan or plans in a manner that satisfies all of the requirements of 45 CFR 146.152, 147.106 and 148.122, the modification will not trigger all of the withdrawal requirements of N.J.A.C. 11:20-18 or N.J.A.C. 11:21-16.

While the Department will not require carriers to submit full withdrawal filings or provide the notices required by the withdrawal regulations, certain information associated with a

withdrawal filing continues to be necessary and appropriate when a carrier is exercising a uniform modification of coverage.

The Department will require carriers to provide the following information prior to the date the first notice of renewal of coverage describing the uniform modification sent to policyholders:

1. List of plans for which uniform modifications will be made;
2. Description of the modification; and
3. Number of inforce plans affected by the uniform modification.

The above information should be listed separately for individual and small employer plans. The information shall be sent to the Department and to the Executive Director of the Individual and Small Employer Health Coverage Program Boards by postal service or electronic mail.

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Life and Health: Uniform Modification Filing
PO Box 325
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New Jersey Department of Banking and Insurance
New Jersey Individual and Small Employer Health Coverage Programs
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Plan Option Withdrawal

If a carrier with individual or small employer health benefit plans seeks to modify an existing plan or plans in a manner that does **not** satisfy all of the requirements of 45 CFR 146.152, 147.106 or 148.122, the carrier must continue to submit a withdrawal filing pursuant to the requirements of N.J.A.C. 11:20-18 or N.J.A.C. 11:21-16.

With respect to individual health benefit plans and a withdrawal pursuant to N.J.A.C. 11:20-18, the Department recognizes that pursuant to the federal rules at 45 CFR 147.104, carriers no longer have the ability to cease issuing individual plans within 60 days after the date of the Department's approval letter as required by N.J.A.C. 11:20-18.5(e)1. The potential for the issuance of new plans through the end of the calendar year in which withdrawal is filed necessitates a special notice to be provided to new policyholders whose plans were not in effect as of the time a 90, 60 or even a 30 day notice would have been given. Such special notice must advise the policyholder that the selected plan will not be available for re-enrollment the following year because the plan has been withdrawn pursuant to the authority

of N.J.A.C. 11:20-18 and address the opportunity to enroll in a replacement plan. The text of the special notice should be included with the withdrawal filing.

September 9, 2014
Date

A handwritten signature in black ink, appearing to read 'K. Kobylowski', written over a horizontal line.

Kenneth E. Kobylowski
Commissioner

Uniform Modification Bulletin Final Edits/inoord