

October, 2007

TO: Iowa Bankers Benefit Plan Administrators

From: Chris Wehde, Vice-President, IBIS

RE: Certificate of Creditable Coverage and Qualifying Events

On January 1, 2008, the Iowa Bankers Benefit Plan (Plan) will change from a 2 tier (single and family) premium rating structure to a 4 tier (single, employee plus spouse, employee plus child(ren), and family) premium rating structure. In anticipation of an employee enrolling in the Plan other than when first eligible or changing from single to one of the other family options, we have put together this memo as an administrative reminder on Certificates of Creditable Coverage and qualifying events.

What is a Certificate of Creditable Coverage? A Certificate of Creditable Coverage is a Statement of HIPAA Portability Rights. The Certificate provides evidence that an employee and/or his or her dependent(s) were covered under an employer's group health insurance coverage. It is the responsibility of the employer to produce the Certificate when the employee and/or his or her dependents are no longer covered under that employer's group health plan

Why is the Certificate of Creditable Coverage necessary? An employee and or/dependent may need evidence that they had health coverage under another group health insurance plan to reduce a preexisting condition exclusion period under another employer's group health plan. Under HIPAA, a group health plan is prohibited against discriminating based on a health factor and 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 in the Plan.

When is a Certificate of Creditable Coverage necessary? Under the Iowa Bankers Benefit Plan, a Certificate of Creditable Coverage is necessary for only those employees and/or their eligible dependents **that do not enroll for health insurance when they are first eligible.** The Iowa Bankers Benefit Plan administrative guidelines state that a new employee has 31 days from the date of hire to enroll for health coverage for themselves and their eligible dependents with no preexisting condition clause imposed.

Under HIPAA, there are special enrollment rules called **qualifying events** that allow employees and their dependents to enroll for coverage without restriction of any kind and a Certificate of Creditable Coverage is not required. Listed below are the **qualifying events**:

- If an employee does not enroll for health coverage under the Plan when first eligible because they and their other eligible family members are covered under their spouse's employer health plan, then loses their group health plan coverage due to loss of employment, divorce or death, the employee and any eligible dependents can enroll in the IBBP without any preexisting conditions if the employee requests coverage within 31 days from the date of the event.
- If an employee gets married and wants to add his or her new spouse, the spouse can come on to the IBBP without any preexisting conditions placed on the spouse's coverage if the request is made within 31 days from the event.

- If an employee has single coverage, or after January 1, 2008, employee plus spouse coverage and has a new baby that employee has 60 days from the date of birth to add the new baby to his or her coverage without preexisting conditions placed on the newborn's health coverage.

What are Preexisting condition exclusions? A preexisting clause restricts group health plans coverage for medical conditions present before an individual's enrollment in the health plan. These restrictions are known as "preexisting condition exclusions." When is preexisting condition exclusion applied? How long is preexisting condition exclusion in affect?

- 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.
- In addition, preexisting condition exclusion cannot last for more than 12 months after your enrollment date.
- Finally, preexisting condition exclusion cannot apply to pregnancy and, under Federal law, cannot apply to a child who is enrolled in health coverage within 30 days after birth, adoption, or placement for adoption. The State of Iowa has just recently changed the law from 30 to 60 days when adding a newborn to a group health plan.

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.

I have enclosed the model Certificate of Creditable Coverage form for your review as it may provide answers to any additional questions you may have.

If you would like to discuss further, please contact me at 1-800-258-1415. For your convenience we have placed this memo and the model Certificate of Creditable Coverage form out on our website at www.bankers-ins.com, under the IBBP drop down box, located under Compliance.