COMMONWEALTH OF MASSACHUSETTS
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DIVISION OF INSURANCE

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COMMISSIONER OF INSURANCE

Bulletin No. 00-07

TO: **Commercial Health Insurers, Blue Cross and Blue Shield of Massachusetts (BCBSMA), Health Maintenance Organizations (HMOs) with Massachusetts Members in Closed Nongroup Health Insurance Plans**

FROM: **Linda Ruthardt, Commissioner**

RE: **Changes to Renewal Requirements for Closed Nongroup Health Plans**

DATE: **July 24, 2000**

TIME SENSITIVE LAW CHANGE

Carriers that have issued individual (nongroup) health insurance policies in Massachusetts are advised to carefully review the contents of this bulletin regarding changes to the terminations of any such plans.

Chapter 140 of the Acts of 2000 (Chapter 140), an emergency act affecting health insurance in the Commonwealth, became law on July 21, 2000. Section 14 of Chapter 140 amends the renewal requirements for closed nongroup health plan as of July 21, 2000, the statute's effective date. Other requirements of Chapter 140 will be addressed in separate bulletins. Carriers should refer to Chapter 140 for a complete description of its requirements.

On June 9, 1997, the Division of Insurance (Division) issued Bulletin 97-07 to notify all commercial carriers, BCBSMA and HMOs licensed in Massachusetts regarding important changes in Massachusetts' health coverage market in accordance with the Nongroup Health Insurance Law, M.G.L. c. 176M. As of the first day of the initial open enrollment period which began on October 1, 1997, carriers have not been permitted to offer any nongroup health plans in Massachusetts unless they are guaranteed issue health plans. Carriers with individual health plans sold prior to October 1, 1997 were required to submit a "closed plan" filing for each of these individual health plans issued in Massachusetts. The statute also permitted carriers to renew these plans for a period of not more than three years beyond October 1, 1997.

Section 14 of Chapter 140 **modifies M.G.L. c. 176M §3(d) to reverse the requirement that carriers terminate closed plan coverage by no later than September 30, 2000**. As modified, it states that a "carrier **shall renew** (emphasis added) a closed plan, but may discontinue a closed plan [only] when the number of subscribers in said plan is not more than 25% of the plan's 1999 enrollment figure...based on enrollment figures submitted to the division

of insurance as of December 31, 1999." It appears the law permits a carrier to discontinue a closed plan, but only according to the provisions that are included within the enrolled person's health plan contract. If a carrier wishes to terminate any closed plan, it is subject to the approval of the commissioner of insurance "based on the most recent figure submitted to the division of insurance."

Section 23 of Chapter 140 requires that the Division send this bulletin to your attention within 14 days of the act becoming law and that your company notify your closed nongroup health plan subscribers regarding the noted changes to the renewal requirements "no later than 14 days after the commissioner has issued" the attached bulletin. By statute, Chapter 140 requires that letters be sent to all affected closed plan members **by August 7, 2000**.

Questions regarding this bulletin should be directed to Mary Ellen Thompson, Assistant General Counsel at (617) 521-7364 or Kevin Beagan, Director of the Health Unit of the State Rating Bureau at (617) 521-7347 (faxes may be sent to (617) 521-7773).