# COMMONWEALTH OF MASSACHUSETTS
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**Bulletin No. 96-12**

**To:** **Commercial Insurers, Blue Cross and Blue Shield of Massachusetts, and HMOs**

**From:** **Commissioner Linda Ruthardt** Jim Ruthardt

**Re:** **Chapter 297 of the Acts of 1996 which changes Small Group Health Insurance under M.G.L. c. 176J, Nongroup Health Insurance under M.G.L. c. 176M, and Portability of Health Insurance under M.G.L. c. 176N**

**Date:** **August 15, 1996**

Chapter 297 of the Acts of 1996, an emergency act affecting health insurance in the Commonwealth, became law on August 9, 1996. While Chapter 297 has many components with varying effective dates, there are several important changes to existing Massachusetts law of which you should be aware, including (but not limited to) the following:

- M.G.L. c. 176J is amended to increase the size of small groups from a maximum of 25 to 50 employees. Mandated rating practices will be phased in for groups with between 26 and 50 employees over a three-year period beginning December 1, 1996.
- Small group health insurance plans covering ***fewer than 20*** employees are required to offer continuation of coverage similar to what is provided to groups with 20 or more employees under federal Consolidated Omnibus Budget Reconciliation Act ("COBRA") provisions.
- The statutory exemption previously granted to association group policies under M.G.L. c. 176J §2 is eliminated and such policies are now governed by M.G.L. c. 176J.
- In plans issued or renewed after August 15, 1996, carriers may no longer use gender as a factor in developing small group health insurance rates.
- Carriers may no longer add factors to rating methods used for existing nongroup health plans.
- M.G.L. c. 176M, added by Chapter 297, changes the nongroup market on or after September 1, 1997, at which time carriers may not offer any nongroup health insurance plan other than those qualifying as guaranteed issue health plans, and carriers with 5000 or more covered lives in Massachusetts' small group health insurance market will be required to offer a guaranteed issue nongroup health insurance plan.

It should be noted that while Chapter 297 became effective as an emergency law on August 9, 1996, the Division will be working toward its orderly implementation in a timely manner, to meet its purpose, defined by the General Court as immediately increasing access to health insurance for the people of Massachusetts.

Any questions about the law should be directed to Caroline DeStefano of the Office of the General Counsel at (617) 521-7364.