

Changes in creditable coverage rule apply to individual market

A program memorandum issued March 10 by the U.S. Department of Health and Human Services clarified that the broader definition of “creditable coverage” adopted in the Health Insurance Portability and Accountability Act of 1996’s (HIPAA) final portability rules for group health plans also applies in the individual health insurance market.

“Any public health plan, including a plan established or maintained by the U.S. government, or a foreign country, or by any political subdivision of the U.S. government or a foreign country, is creditable coverage for purposes of identifying eligible individuals under Part B of title XXVII of the Public Health Service Act (PHS Act).”

Coverage under foreign government health programs, as well as U.S. programs such as the State Children’s Health Insurance Program (SCHIP), is creditable coverage. It is creditable coverage whether it is provided through group or individual coverage.

The memorandum also clarifies that public health plan coverage is creditable coverage, regardless of whether it meets the definition of health insurance coverage. Domestic coverage offered by the U.S. Veterans Administration is now creditable, as is foreign governmental coverage such as Great Britain’s national health care program.

“The interim final regulation implementing the individual market provisions of title XXVII of the PHS Act provides that eligible individuals, as defined in

45 CFR 148.103, are entitled to purchase a choice of health care coverage, without any pre-existing condition exclusion. That regulation specifies that one criterion for qualifying as an eligible individual is that the individual has at least 18 months of creditable coverage (as determined under 45 CFR 146.113) as of the date on which the individual seeks coverage under this part.”

This guidance will enable more people to obtain individual coverage without being subject to pre-existing condition exclusions, but is unlikely to have the same impact in the individual market as in the group market.

For more information, visit HIPAA’s website at www.hhs.gov/ocr/hipaa/, or call CTSI at 303-861-0507.