

## CHAPTER 3

# YOUR PROTECTIONS WHEN BUYING INDIVIDUAL HEALTH INSURANCE

If you do not have access to employer-sponsored group health plan, you may want to buy an individual health policy from a private insurer. However, in Pennsylvania – as in most other states – you have limited guaranteed access to individual health insurance in the private market. There are some alternatives to private individual health insurance – such as COBRA coverage or conversion. This chapter summarizes your protections under different kinds of health plan coverage.

### BLUE CROSS AND BLUE SHIELD PLANS IN PENNSYLVANIA

Blue Cross and Blue Shield plans operate in every region of Pennsylvania. Western Pennsylvania is covered by HighMark Blue Cross Blue Shield. Northeastern Pennsylvania is covered by Blue Cross of Northeastern Pennsylvania and Blue Shield. Central Pennsylvania is covered by Capital Blue Cross and Blue Shield. The Philadelphia area of Eastern Pennsylvania is covered by Independence Blue Cross and Blue Shield.

#### ***WHEN DO INDIVIDUAL HEALTH INSURERS HAVE TO SELL ME A POLICY?***

- *Blue Cross and Blue Shield plans in Pennsylvania will sell at least one individual health insurance policy to any resident on a guaranteed issue basis. However, Blue Cross and Blue Shield plans are free to turn you down for an individual policy that is not offered on a guaranteed issue basis.*
- *If you are HIPAA eligible, the Blue Cross and Blue Shield plan operating in your region must offer you a choice of at least two state-approved policies. If two policies are not designated, you must be offered a choice of all of their individual insurance policies.*

**To be HIPAA eligible, you must meet certain criteria**

If you are HIPAA eligible in Pennsylvania you are guaranteed the right to buy individual health insurance policies and are exempted from pre-existing condition exclusion periods. **To be HIPAA eligible, you must meet all of the following:**

- You must have had 18 months of continuous creditable coverage, *at least the last day of which was under a group health plan.*
- You also must have used up any COBRA or state continuation coverage for which you were eligible.
- You must not be eligible for Medicare, Medicaid or a group health plan.
- You must not have health insurance. (Note, however, if you know your group coverage is about to end, you can apply for coverage for which you *will* be HIPAA eligible.)
- You must apply for health insurance for which you are HIPAA eligible within 63 days of losing your prior coverage.

HIPAA eligibility ends when you enroll in individual coverage, because the last day of your continuous health coverage must have been in a group plan. You can become HIPAA eligible again by maintaining continuous coverage and rejoining a group health plan.

- *In Pennsylvania, newborns are automatically covered under the parents' individual health insurance policy for the first 31 days.* The insurer may require that the parent enroll the baby within the 31 days in order to continue coverage beyond the 31 days.

However, if the policy does not provide for coverage of dependents, the parent has the right to convert – within 31 days after the child's birth- to a policy which will provide similar benefits.

- *Under Pennsylvania law, your disabled child can remain covered as a dependent under your individual health insurance policy into adulthood.* This applies if your dependent was already disabled and covered under the health policy before he or she reached the limiting age for dependent coverage. You will be required to submit proof of your child's continued incapacity and dependency within 31 days following the date that your child reaches the limiting age and annually thereafter. Subsequently, if you change health insurance plans, you might not be able to cover your disabled son or daughter as a dependent under the new health plan.

## ***WHAT WILL MY INDIVIDUAL HEALTH INSURANCE POLICY COVER?***

- *It depends on what you buy.* Pennsylvania does not require Blue Cross and Blue Shield plans operating in the individual market to sell standardized policies. These plans can design different policies and you will have to read and compare them carefully. However, Pennsylvania does require all policies to cover certain benefits—such as post-delivery hospital stays and breast cancer screening. Check with the Pennsylvania Department of Insurance for more information about mandated benefits.
- *If you are HIPAA eligible, a Blue Cross and Blue Shield plan operating in your region must offer you a choice of at least two state-approved policies, whose benefits must be similar to others they typically sell. At least one of those policies must offer comprehensive benefits.* If two policies are not designated, you must be offered a choice of all of their individual insurance policies.
- *When you buy an individual health insurance policy from a Blue Cross and Blue Shield plan, it may require a probationary period before most of your coverage becomes effective.* This period cannot exceed 30 days for non-accident-related conditions, or 6 months for certain procedures defined as elective. Accidental injuries will be covered immediately.

You can be charged a premium during this probationary period even though the plan will not pay claims other than for accidental injuries during this time.

If your insurance company requires a probationary period, the pre-existing condition exclusion period begins on the first day of the probationary period.

Probationary periods cannot be applied if you are HIPAA eligible.

## ***WHAT ABOUT COVERAGE FOR MY PRE-EXISTING CONDITION?***

- *If you are HIPAA eligible, Blue Cross and Blue Shield plans cannot impose a pre-existing condition exclusion period.*
- *If you buy a guaranteed issue policy from a Blue Cross and Blue Shield plan, the policy may impose a pre-existing condition exclusion period.* Pre-existing condition exclusion periods cannot exceed 36 months. If you make a claim during the first 3 years of coverage, Blue Cross and Blue Shield can look back 5 years to see if treatment for a condition was actually recommended or provided to you. Pregnancy and genetic information can be considered a pre-existing condition.

- *If you buy a non- guaranteed issue policy from a Blue Cross and Blue Shield plan, there are different ways that the plan can exclude a pre-existing condition.*

The plan can impose an **elimination rider**. An elimination rider is an amendment to your health insurance contract that temporarily or permanently excludes coverage for a health condition, body part, or body system.

Blue Cross and Blue Shield may also impose a pre-existing condition exclusion period. Pre-existing condition exclusion periods cannot exceed 36 months. If you make a claim during the first 3 years of coverage, your individual health insurer can look back 5 years to see if care or treatment for a condition was actually received or provided to you. Pregnancy and genetic information can be considered a pre-existing condition.

- *Individual health insurers are not required to give you credit for any prior coverage. However, the Blue Cross and Blue Shield plan operating in your region may give you credit for having been continuously covered under another Blue Cross and Blue Shield plan.*

#### ***WHAT CAN I BE CHARGED FOR AN INDIVIDUAL HEALTH INSURANCE POLICY?***

- *Premiums will vary depending on your family size and type of policy you want.*
- *If you buy a guaranteed issue individual health insurance policies from a Blue Cross and Blue Shield plan, your premiums will not vary based on your health status, age or other factors. This is called community rating.*
- *If you buy a non-guaranteed issue individual health insurance policy from a Blue Cross and Blue Shield plan operating in Pennsylvania, there are no limits on how much you can be charged. Premiums can vary due to age, gender, health status, family size, and other factors.*

#### ***CAN MY INDIVIDUAL HEALTH INSURANCE POLICY BE CANCELED?***

- *Your health insurance policy cannot be canceled because you get sick. This is called guaranteed renewability. You have this protection provided that you pay the premiums, do not defraud the company, and in case of **managed care plans**, continue to live in the plan service area.*

- *Blue Cross and Blue Shield plans sell temporary health insurance policies. Temporary policies are not guaranteed renewable. They will only cover you for a limited time, such as six months. If you want to renew coverage under a temporary policy after it expires, you will have to reapply and there is no guarantee that coverage will be re-issued at all or at the same price.*

