State of Utah
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Insurance Department

TODD E. KISER
Insurance Commissioner

BULLETIN 2015-6

To: Health Insurers Offering Individual Indemnity Insurance

From: Todd E. Kiser, Utah Insurance Commissioner

Date: May 5, 2015

Subject: **Requirements for Hospital Indemnity and Other Fixed Indemnity Policies Sold in the Individual Market**

This Bulletin applies to all insurers who have offered, or are offering, individual hospital indemnity and other fixed indemnity insurance policies. This Bulletin provides guidance to insurers regarding the notices and attestations required by the U.S. Department of Health and Human Services final rule issued May 27, 2014, Patient Protection and Affordable Care Act; Exchange and Insurance Market Standards for 2015 and Beyond; Final Rule.

As outlined in 45 CFR 148.220, the following conditions are used to determine if a hospital indemnity or other fixed indemnity insurance policy sold in the individual market is as an excepted benefit:

1. The benefits are provided only to individuals who attest, in their hospital indemnity or other fixed indemnity insurance application, that they have other health coverage this is considered minimum essential coverage within the meaning of 26 U.S. Code §500A(f).
2. There is no coordination between the provisions of benefits and an exclusion of benefits under any other health coverage;
3. The benefits are paid in a fixed dollar amount per period of hospitalization or illness, or per service regardless of the amount of expenses incurred and without regard to the amount of benefits provided with respect the event or service under any other health coverage; and
4. A notice is displayed prominently in the application materials in at least 14-point type that has the following language, "THIS IS A SUPPLEMENT TO HEALTH INSURANCE AND IS NOT A SUBSTITUTE FOR MAJOR MEDICAL COVERAGE. LACK OF MAJOR MEDICAL COVERAGE (OR OTHER MINIMUM ESSENTIAL COVERAGE) MAY RESULT IN AN ADDITIONAL PAYMENT WITH YOUR TAXES."

For an insurer to be reasonably assured that an individual purchasing a hospital indemnity or other fixed indemnity policy has minimum essential coverage, the following notice and attestations are required:

Policies Issued On or After January 1, 2015.

Individual hospital indemnity or other fixed indemnity policies issued with an effective date beginning on or after January 1, 2015, an insurer shall:

1. Include the following notice displayed prominently in the application materials in at least 14-point type, "THIS IS A SUPPLEMENT TO HEALTH INSURANCE AND IS NOT A SUBSTITUTE FOR MAJOR MEDICAL COVERAGE. LACK OF MAJOR MEDICAL COVERAGE (OR OTHER MINIMUM ESSENTIAL COVERAGE) MAY RESULT IN AN ADDITIONAL PAYMENT WITH YOUR TAXES"; and
2. An attestation placed above the signature line in the application that the applicant has other major medical health coverage or Medicare that meets the minimum essential coverage as defined by the Patient Protection and Affordable Care Act.

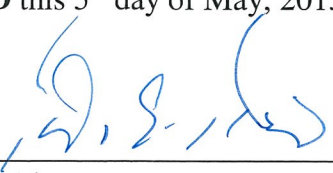
Policies Issued Prior to January 1, 2015

Individual hospital indemnity or other fixed indemnity policies issued with an effective date prior to January 1, 2015, an insurer shall, no later than the first renewal occurring on or after October 1, 2016:

1. Send notice to each insured, who was not given such notice at the point of sale, in a clear and conspicuous manner, with at least 14-point type stating, "THIS INSURANCE POLICY DOES NOT MEET THE AFFORRDABLE CARE ACT'S REQUIREMENTS THAT YOU MAINTAIN MINIMUM ESSENTIAL COVERAGE, ALSO KNOW AS MAJOR MEDICAL INSURANCE. FAILURE TO MAINTAIN MINIMUM ESSENTIAL COVERAGE MAY RESULT IN AN ADDITIONAL PAYMENT WITH YOUR TAXES. THIS INSURANCE POLICY WILL REMAIN IN FORCE AS LONG AS YOU CONTINUE TO PAY YOUR PERMIUMS"; and
2. For policies requiring an application to renew coverage, an attestation placed above the signature line in the application that the applicant has other major medical health coverage or Medicare that meets the minimum essential coverage as defined by the Patient Protection and Affordable Care Act.

If you have any questions or comments, please contact the Health and Life Division at 801-538-3077 or health.uid@utah.gov.

DATED this 5th day of May, 2015.



Todd E. Kiser
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