

Bulletin 97-2

Waiver of Preexisting Conditions or Limitation Periods Based on Continuous Coverage

This bulletin is issued to assist carriers subject to Chapter 30 of the Utah Insurance Code in applying the waiver of pre-existing condition rules contained in Section 31A-30-107(4)(b). This provision states:

A covered carrier shall waive a time period applicable to a preexisting condition exclusion or limitation period with respect to particular services in a health benefit plan for the period of time the individual was previously covered by public or private health insurance or by any other health benefit arrangement that provided benefits with respect to such services, provided that the previous coverage was continuous to a date not more than 62 days prior to the effective date of the new coverage. The period of continuous coverage shall not include any waiting period for the effective date of the new coverage applied by the employer or the carrier. This subsection does not preclude application of any waiting period applicable to all new enrollees under such plan.

The department interprets this section in regard to breaks in coverage to mean that coverage will be continuous if a person is insured for each period of coverage and no break in coverage of more than 62 days has occurred between periods of coverage. The rationale for this interpretation is that in each instance where coverage is terminated and new coverage is applied for, the new carrier will have had to apply Section 31A-30-107(4)(b). Application of the statute to each coverage period break results in continuous coverage by operation of law unless the break between periods of coverage exceeds 62 days.

In determining the period of time that is to be waived by a covered carrier in applying a preexisting condition exclusion or limitation period, the carrier is not required to count any period of time during which insurance was not in force.

In the event the department receives complaints that allege denial of coverage because a preexisting condition exclusion or limitation period was not waived under Section 31A-30-107(4)(b), the department will enforce Section 31A-30-107(4)(b) utilizing this interpretation.

Carriers are advised to review enrollment to which the section applies and ensure that any denial of coverage based on a preexisting condition or limitation period is consistent with this interpretation. The Consumer Services Division and the Compliance and Enforcement Division will examine any carrier that violates Section 31A-30-107(4)(b) and review all new enrollment to ensure that the section is being properly applied.

DATED this 20th day of June, 1997.

Insurance Commissioner

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