

NOTICE OF  
CHANGE IN PROPOSED RULE

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Office of Administrative Rules.

Agency Information

1. Agency: Insurance - Administration  
 Room no.: 3110  
 Building: STATE OFFICE BLDG  
 Street address 1: 450 N MAIN ST  
 Street address 2:  
 City, state, zip: SALT LAKE CITY UT 84114-1201  
 Mailing address 1: PO BOX 146901  
 Mailing address 2:  
 City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

Name:	Phone:	Fax:	E-mail:
Steve Gooch	801-538-3803	801-538-3829	sgooch@utah.gov

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 43427 Date filed: 04/15/2019 03:58 PM  
 State Admin Rule Filing Key: 161120  
 Utah Admin. Code ref. (R no.): R 590 - 277 -  
 Changed to Admin. Code ref. (R no.): - -

Title

2. Title of rule or section (catchline):  
 Managed Care Health Benefit Plan Policy Standards

Notice Type

3. Type of notice: Change in Proposed Rule  
 Changes original proposed rule file no.: 43427

Rule Purpose

4. Purpose of the rule or reason for the change:  
 This rule is being adopted as a result of HB336, Health Reform Amendments, passed during the 2017 General Session. The effective date for the applicable provisions in the rule have a delayed effective date of January 1, 2020. These changes revise the previously filed language for illegal activities in R590-277-4.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.  
No

Rule Summary

6. Summary of the rule or change:  
This revision clarifies that an insurer may only exclude coverage for an insured's participation in an illegal activity if the insured is found guilty in a criminal proceeding, or liable in a civil proceeding.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:
- A) State budget:  
Affected: No  
There is no anticipated cost or savings to the state budget. This rule adopts standards that are currently required under an administrative rule that applies not only to managed care contracts, but also other types of health insurance contracts.
- B) Local government:  
Affected: No  
There is no anticipated cost or savings to local government. If a local government plan offered their employees a self-funded plan health plan, the rule would not apply. If a local government plan offered their employees a fully insured health plan, it is not anticipated that there will additional costs or savings. This rule adopts standards that are currently required under an administrative rule that applies not only to managed care contracts, but also other types of health insurance contracts.
- C) Small businesses:  
Affected: No  
("small business" means a business employing fewer than 50 persons)  
There is no anticipated cost or savings to small businesses. This rule adopts standards that are currently required under an administrative rule that applies not only to managed care contracts, but also other types of contracts.
- D) Persons other than small businesses, businesses, or local government entities:  
Affected: No  
("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)  
There is no anticipated cost or savings to persons other than small businesses, businesses, or local government entities. Other than revisions to the illegal activities provision, this rule adopts standards that are currently required under an administrative rule that applies not only to managed care contracts, but also other types of contracts. All but one insurer reported no concerns with the changes to the illegal activities provision. That insurer provided only one example in which they currently were experiencing a loss of approximately \$150,000. However, this loss is not applicable under this rule. It is for a self-funded plan, which is exempt from state law. Additionally, the insurer would have the ability to bring civil lawsuit in the situation to exclude the \$150,000 claim, thereby completely avoiding payment of any claim, and having no cost impact under these rule changes.

Compliance Cost Information

8. Compliance costs for affected persons:  
There are no anticipated compliance costs for affected persons. The revisions to this rule are being filed timely so that affected persons are able to incorporate them into their annual filing process.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

After conducting a thorough analysis, it was determined that this proposed rule will not result in a fiscal impact to businesses.

B) Name and title of department head commenting on the fiscal impacts:

Todd E. Kiser, Insurance Commissioner

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :  
Subsection 31A-2-201(3)(a)

Subsection 31A-23a-402(8)

Section 31A-45-103

Section 31A-2-202

Section 31A-23a-412

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by reference (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):
Publisher:
Date Issued:
Issue, or version:
ISBN Number:
ISSN Number:
Cost of Incorporated Reference:
Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

05/31/2019

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

06/07/2019

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Office of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):

insurance  
health insurance

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:

Steve Gooch Information  
Specialist

Date (mm/dd/yyyy): 04/15/2019