



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN NUMBERS HC-103 & PC-79
JULY 8, 2015

TO: ALL INSURANCE COMPANIES, FRATERNAL BENEFIT SOCIETIES, HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS AND HEALTH CARE CENTERS THAT ARE LICENSED IN CONNECTICUT TO WRITE PROPERTY OR CASUALTY INSURANCE OR ACCIDENT AND HEALTH INSURANCE

SUBJECT: STOP LOSS INSURANCE COVERAGE AKA EXCESS REIMBURSEMENT INSURANCE POLICIES OR EXCESS INSURANCE COVERAGE POLICIES

The purpose of this bulletin is to provide guidance on provisions that will not be approved in a stop loss policy. This bulletin should be read in conjunction with Connecticut Insurance Department joint Bulletin HC-95 and PC-75 dated March 17, 2014.

A stop loss insurance policy insures the employer or its group health plan not the enrollees covered by the plan. The policy may be issued by either a property and casualty insurer or an accident and health insurer and is not regulated as group health insurance. Recent stop loss filings have included provisions that are common in health insurance policies, but inappropriate for stop loss policies. A key issue is that stop loss carriers are making individual claims determinations that may be different than those made in the underlying group health policy. A self-funded employer remains legally responsible to pay the claims under the group health plan, but may be financially unable to fulfill its fiduciary obligations due to the limitations found in the stop loss policy.

Stop loss policies will not be approved if they contain provisions relating to the following:

- Claims denials that the employer is legally obligated to pay
- Differences in attachment points based on the health status of enrollees
- "Medical necessity" determinations
- "Usual or customary" determinations
- "Experimental/investigational" determinations
- Case management requirements
- Annual dollar limitations in coverage
- Mandated provider networks/benefit incentives for enrollees
- Requirements that enrollees be actively at work
- Right to examine enrollees
- Rescission for reasons other than fraud or intentional misrepresentation

- Early termination at the discretion of the carrier other than in accordance with cancellation and nonrenewal laws applicable to these policies
- Terms or conditions that are misleading, deceptive or contrary to the public interest
- Mid-term rate increases at the discretion of carrier
- Any conflict with state law
- Other provisions that are deemed to be health insurance and inappropriate for stop loss

Any carrier that has had filings approved that contain any of the provisions outlined in this bulletin must file amendatory language to correct the filings no later than September 1, 2015. Insurers shall not use previously approved forms containing such provisions for policies issued or renewed on or after January 1, 2016. All policy form filings should be made through the System for Electronic Rate and Form Filings.

Questions

Please contact the Insurance Department Life and Health Division at cid.lh@ct.gov with any questions.



Katharine L. Wade
Insurance Commissioner