

NEW JERSEY
SMALL EMPLOYER HEALTH BENEFITS PROGRAM

20 West State Street, 10th floor

CN 325

Trenton, NJ 08625

Fax: (609) 633-2030

ADVISORY BULLETIN

96-SEH-09

To: SEH Program Members
From: Wardell Sanders and Ellen DeRosa, Assistant Directors
Re: Model Rider For Plan Issued With A Medical Savings Account
Date: December 3, 1996

This bulletin is a follow-up to bulletin 96-SEH-08 which briefly advised carriers about the impact of the medical savings account plan ("MSA") provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") on the New Jersey small employer health benefits market. That previous bulletin advised that any carrier that wished to offer a high deductible plan could accomplish that by filing a nonstandard optional benefit rider with the Commissioner of Banking and Insurance as permitted by N.J.S.A. 17B:27A-19i. Since any rider to the standard plans to create a high deductible plan would have to increase the deductible of the standard plans, such a modification would be a benefit decrease, and thus the rider would have to be filed with the Commissioner for approval. No carrier may offer a nonstandard optional benefit rider of decreasing value without first receiving approval of the Commissioner.¹

In an effort to assist carriers in submitting nonstandard rider filings and to assist the Department of Banking and Insurance in its review of such filings, attached please find a copy of a model rider to the standard plans to create a high deductible plan. The Department has indicated that submission of filings consistent with the attached model will facilitate prompt review of the filings; filings that depart from the attached model will require further review and consideration. The Department has further requested that carriers deviating from the attached model rider identify differences from the model rider and briefly explain the reason for the differences.

The SEH Board has attempted to craft the attached model rider so that the standard plans as ridered are consistent with the HIPAA. However, the SEH Board anticipates that federal agencies will be promulgating regulations in the Spring of 1997 in response to the passage of the HIPAA. The federal regulations may require carriers to modify their filed nonstandard riders used in order to create a high deductible plan. It is the responsibility of the carriers that have filed nonstandard optional benefit riders to make sure that the plans, as ridered, are consistent with federal regulations.

The SEH Board recommends that carriers provide disclosure to customers concerning the limited availability of MSAs.

¹ The Department has not adopted regulations governing the filing of optional benefit riders of decreasing value; nevertheless, carriers are encouraged to provide filings consistent with proposed regulations set forth at 27 N.J.R. 3300 published on September 5, 1995.