This Bulletin is addressed to all health maintenance organizations and insurance companies authorized to sell group and/or individual accident and sickness products in Indiana.

Background

The Trade Adjustment Assistance Reform Act of 2002 (TAA) created a tax credit for the purchase of private health insurance for certain TAA and Pension Benefit Guaranty Corporation eligible individuals. These are individuals that have lost health insurance coverage because an employer was forced – under certain specified conditions – to discontinue its business. The tax credit is equal to sixty-five percent (65%) of the premium paid by eligible individuals.

Qualified Health Plans

The tax credit is available for the purchase of “qualified health insurance” as defined by the TAA. The following are always qualified health insurance.

A. Coverage available from former employers through COBRA
B. Coverage available from a spouse’s employer – if the employer pays less than fifty percent (50%) of the premium
C. Individual Policy – if the policy became effective more than thirty (30) days prior to separation from the employer

In addition, the following state alternatives may constitute qualified health insurance. Each state is responsible for designating any of the following options as qualified health insurance. The options are:

1. Coverage offered through a state high-risk pool;
2. State-based continuation coverage provided by the state under a state law that requires such coverage;
3. Coverage under a health insurance program offered for state employees;
4. Coverage under a state based health insurance program that is comparable to the health insurance program offered for state employees;
5. Coverage through a state operated health plan that does not receive any federal financial participation; or
6. Coverage through an arrangement entered into by the state and a group health plan, an issuer of health insurance, an administrator, an employer or a purchasing pool.

The U.S. Department of Treasury is responsible for implementing the credit under its Health Coverage Tax Credit (HCTC) Program. Pursuant to the instructions from the U.S. Department of Treasury, each state is responsible for determining which of the above options 1-6 will be designated as “qualified health insurance” in its state. Qualified health insurance plans must include the following:
• Guaranteed issue: qualifying individuals guaranteed enrollment regardless of medical status;
• No pre-existing conditions exclusion: no pre-existing restriction may be imposed on qualifying individuals;
• Non-discriminatory premium: premium may not be greater than that for similarly situated individuals not receiving the credit; and
• Benefits: benefits are identical or substantially similar to those provided by coverage to similarly situated individuals not receiving the credit.

Qualified health insurance options 2 through 5 are not available in Indiana. Currently, Indiana has not designated any product or plan as qualified health insurance under option 6. Any entity wishing to have a product considered for certification as qualified health insurance in Indiana must file a proposal with the Indiana Department of Insurance by June 13, 2003. Proposals should include the following:

• Schedule of Benefits;
• Rates;
• Statement as to whether the product has been filed with and approved by the Indiana Department of Insurance (include policy form numbers and approval dates) or if new policy forms will need to be filed/approved assurance that entity is able to have the filing to the Department within fifteen (15) days of receiving notice that product has been chosen as qualified;
• Statement as to whether the submitting entity is proposing the product only if it is chosen to be the only qualified health insurance in Indiana or whether the proposal will stand if two (2) or more plans are certified in Indiana; and
• Certification that the plan/product will comply with the required conditions listed above (e.g. guarantee issue).

Until a plan or plans has been designated by the Department of Insurance as qualified health insurance, no entity or insurance producer should be representing any plan or product as qualified for the HCTC. Enforcement action will be taken against any entity or producer representing a plan or product as qualified for the HCTC before certification by the Department of Insurance.

Questions and/or proposals should be submitted to:

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INDIANA DEPARTMENT OF INSURANCE
Sally McCarty, Commissioner