ADVISORY MEMORANDUM

To: All Licensed Health Insurance Carriers

From: Montana State Auditor's - Department of Insurance
Re: New Laws in Montana re: Dependent Age and Well Child
SB 419 and HB 687
Date: October 17, 2007

SB 419: Providing Insurance Coverage under a Parent's Policy for Unmarried Children under 25 Years of Age

- Effective January 1, 2008, any health insurance carrier that issues or renews a group or individual health insurance policy, certificate or membership contract in Montana, under which an individual's or employee's dependents are eligible for coverage, may not terminate coverage on the basis of the age of the unmarried dependent prior to the dependent reaching 25 years of age.
- Continuation of the coverage of the dependent is at the option of the covered employee.
- The new dependent age provision applies to all health insurance carriers, including Health Service Corporations, Health Maintenance Organizations, Multiple Employer Welfare Associations, and self funded government plans, [except for the state plan and the university plan, which are already meeting this requirement].
- The term "'membership contract' means any agreement, contract, or certificate by which a health service corporation describes the health services or benefits provided to its members or beneficiaries."
- This law does not apply to existing insurance policies, certificates or membership contracts until they renew on or after January 2008. However, if a new certificate or membership contract is issued to a new employee under an existing group health plan or group health insurance policy after January 1, 2008, but before the whole group renews, the new requirement would attach to that certificate or membership contract. Therefore, in order to avoid a discriminatory effect, the new dependent age provision would attach to the entire group at the time the new certificate or membership contract is issued. Consequently, the Department suggests that all changes to group health insurance policies, certificates and membership contracts could be made effective January 1, 2008, in order to avoid confusion.
- Dependent is defined as follows in § 33-22-140(5), MCA (2007):

  (5) "Dependent" means:
  (a) a spouse;
  (b) An unmarried child under 25 years of age:
  (i) who is not an employee eligible for coverage under a group health plan offered by the child's employer for which the child's premium contribution amount is no greater than the premium amount for coverage as a dependent under a parent's individual or group health plan;
  (ii) who is not a named subscriber, insured, enrollee, or covered individual under any other individual health insurance coverage, group health plan, government plan, church plan, or group health insurance coverage;
  (iii) who is not entitled to benefits under § 42 U.S.C. 1395, *et seq*.; and
  (iv) for whom the insured parent has requested coverage;
  (c) a child of any age who is disabled and dependent upon the parent as provided in §§ 33-22-506 and 33-30-1003; or

(d) any other individual defined as a dependent in the health benefit plan covering the employee.

[See also §§ 33-22-1803(11)(b) and 33-31-102(4), MCA (2007)]

- If the coverage of an eligible dependent child was previously terminated because of age and the child is under age 25 and otherwise meets the requirements of § 33-22-140(5), MCA, that child must be allowed to re-enroll in the plan.
- If there was a break in coverage, as defined in §§ 33-22-141and 33-22-242, (MCA), a pre-existing condition exclusion period may be imposed as allowed by §§ 33-22-514 and 33-22-246, MCA.
- Any child who becomes eligible for dependent coverage as a result of this law change and subsequent amendments to the relevant policy, certificate or membership contract has a minimum of 30 days to enroll after the group health insurer or plan sponsor has notified the employee of their option to enroll that dependent. Newly eligible or re-eligible dependents cannot be forced to wait until an open enrollment period or otherwise treated as a late enrollee.
- Insurers must notify individual policyholders of the change to dependent eligibility rules at the time of renewal on all policies that allow dependent coverage. Individual policyholders or certificate holders may apply to enroll their eligible dependents at any time after their policy renews on or after January 1, 2008.
- In order to avoid subsequent confusion and questions, these notices should be clearly stated in a manner that is separate from the amendment to the contract, policy or certificate.

HB 687: Extending Insurance and Health Plan coverage for Well-Child Care from Age 2 to Age 7.

- HB 687 amends §§ 33-22-303, 33-22-512, 33-30-1014, 33-31-310, MCA (2007) to provide that well-child care must be covered for children from the moment of birth through seven years of age. "Birth through 7 years of age" means until the child turns eight years old.
- This change applies to all types of licensed disability insurance carriers and both individual and group health insurance. It does not apply to disability income, specified disease, accident-only, Medicare supplement, or hospital indemnity policies.
- Benefits provided under these statutes include a history, physical examination, developmental assessment, anticipatory guidance and laboratory tests, according to the schedule of visits adopted under the early and periodic screening, diagnosis, and treatment services program provided for in § 53-6-101. The benefit also covers routine immunizations according to the schedule for immunizations recommended by the immunizations practices advisory committee of the U.S. Department of Health and Human Services.
- The benefits provided under this provision are exempt from any deductible provisions.
- In addition, the well child care benefit now also applies to all self-funded government health plans in the state (§ 2-18-704, MCA) and multiple employer welfare associations (§ 33-35-512, MCA).

Please file the necessary amendments/endorsement to your forms no later than November 26, 2007, so that those amendments/endorsements can be approved as soon as possible. If you have questions, please call Rosann Grandy, Forms Bureau Chief at 406-444-2040 or 800-332-6148.