

**A CONSUMER'S GUIDE  
TO  
GETTING AND KEEPING HEALTH INSURANCE  
IN  
MONTANA**

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This guide is intended to help consumers understand their protections under federal and state law. The authors have made every attempt to assure that the information presented in this guide is accurate as of the date of publication. However, the guide is a summary, and should not be used as a substitute for legal, accounting, or other expert professional advice. Readers should consult insurance regulators or other competent professionals for guidance in making health insurance decisions. The authors, Georgetown University, and the Health Policy Institute specifically disclaim any personal liability, loss or risk incurred as a consequence of the use and application, either directly or indirectly, of any information presented herein.

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# A CONSUMER'S GUIDE TO GETTING AND KEEPING HEALTH INSURANCE IN MONTANA

As a Montana resident, you have rights under federal law and state law that will protect you when you seek to buy, keep, or switch your health insurance, even if you have a serious health condition.

This guide describes your protections as a Montana resident. Chapter 1 gives an overview of your protections. Chapters 2 and 3 explain your protections under group health plans and individual health insurance. Chapter 4 highlights your protections as a small employer. Chapter 5 summarizes help that may be available to you if you cannot afford health coverage. If you move away from Montana, your protections may change. Since this guide is a summary, it may not answer all of your questions. For places to contact for more information, see page 34. For information about how to find consumer guides for other states on the Internet, see page 34. A list of helpful terms and their definitions begins on page 35. These terms are printed in **boldface type** the first time they appear.

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# CHAPTER 1

## A SUMMARY OF YOUR PROTECTIONS

Numerous state and federal laws make it easier for people with **pre-existing conditions** to get or keep **health insurance**, or to change from one **health plan** to another. A federal law, known as the **Health Insurance Portability and Accountability Act (HIPAA)** sets national standards for all health plans. In addition, states can pass different reforms for the health plans they regulate (**fully insured group health plans** and **individual health insurance**), so your protections may vary if you leave Montana. Neither federal nor state laws protect your access to health insurance in all circumstances. So please read this guide carefully.

The following information summarizes how federal and state laws do – or do not – protect you as a Montana resident.

### HOW AM I PROTECTED?

In Montana, as in many other states, your health insurance options are somewhat dependent on your **health status**. Even if you are sick, however, the laws protect you in the following ways.

- *Coverage under your **group health plan** (if your employer offers one) cannot be denied or limited, nor can you be required to pay more because of your health status. This is called **nondiscrimination**. (see Chapter 2)*
- *All group health plans in Montana must limit exclusion of pre-existing conditions. There are rules about what counts as a pre-existing condition and how long you must wait before a new group health plan will begin to pay for care for that condition. Generally, if you join a new group health plan, your old coverage will be credited toward the **pre-existing condition exclusion period**, provided you did not have a long break in coverage. (see Chapter 2)*
- *Your health insurance cannot be canceled because you get sick. Most health insurance is **guaranteed renewable**. (see Chapter 3 for Individual Coverage, and Chapter 4 for Small Group Coverage)*
- *If your son or daughter is in college and covered as a dependent under your group, but cannot maintain student status due to illness, he or she may still be able to remain covered as your dependent for up to one year. (see Chapter 2)*
- *If you leave your job, you may be able to remain in your old group health plan for a certain length of time. This is called **COBRA continuation coverage**. It can help when you are between jobs or waiting for a new health plan to cover your pre-*

existing condition. There are limits on what you can be charged for this coverage. (see Chapter 3)

- *If you lost your group health plan because of involuntary termination of employment that occurred between September 1, 2008 and December 31, 2009, you may be eligible for a federal tax credit that can help you pay for your COBRA coverage premiums for up to nine months. (see Chapter 3)*
- *If you lose your group health plan and meet other qualifications, you will be **HIPAA eligible**. If so, you can buy individual health insurance from the **Montana Comprehensive Health Association (MCHA)**. All your pre-existing conditions will be covered immediately under the benefits provided. Premiums will vary based on your age. (see Chapter 3)*
- *You can also buy insurance from MCHA if you have been turned down by at least two health insurance companies or have a serious health condition and meet other qualifications. In this case you may face a new pre-existing condition exclusion period if you haven't had coverage lately. (see Chapter 3)*
- *If you lose your group coverage under a fully insured group health plan and meet other qualifications, you can buy a **conversion policy**. You will not face a new pre-existing condition exclusion period. (see Chapter 3)*
- *When you apply for an individual health insurance policy, insurance companies may not turn you down, charge you more or impose a pre-existing condition exclusion period because of your **genetic information**. In addition, insurance companies are not allowed to even ask about your genetic tests or family history when you apply for coverage. (see Chapter 3)*
- *If you are a small employer buying a group health plan, you and your employees and dependents cannot be turned down because of the health status, age, or any factor that might predict the use of health services of those in your group. All group health insurance policies for small employers must be sold on a **guaranteed-issue** basis. (see Chapter 4)*
- *As a small employer, you may not be turned down or charged more because of the genetic information of a member of your group. In addition, insurance companies are not allowed to even ask about genetic tests or family history of people in your group when you apply for coverage. (see Chapter 4)*
- *If you are a small employer buying a group health plan, there are limits on what you can be charged because of health status, age, or other characteristics of those in your group. (see Chapter 4)*

- *If you have low or modest household income, you may be eligible for free or subsidized health coverage for yourself or members of your family. The Montana **Medicaid** program offers free health coverage for pregnant women, families with children, elderly and disabled individuals with very low incomes. (see Chapter 5)*
- *If your child is 18 years old or younger, does not have health insurance and meets other qualifications, you may be able to buy insurance for them through the **Montana Child Health Insurance Plan (CHIP)**. (see Chapter 5)*
- *If you believe that you may be at risk for cancer, you may be eligible for free screening and treatment. The Montana Breast & Cervical Health Program provides qualified women with free breast and cervical cancer screening. In addition, women diagnosed with cancer through this program may be eligible for medical care through the Montana Medicaid program. (see Chapter 5)*
- *If you lost your health insurance and are receiving benefits from the **Trade Adjustment Assistance (TAA) Program** then you may be eligible for a federal income tax credit to help pay for new health coverage. This credit is called the **Health Coverage Tax Credit (HCTC)**, and it is equal to 80% of the cost of qualified health coverage, including COBRA and MCHA. (see Chapter 5)*
- *If you are a retiree aged 55-65 and receiving pension benefits from **Pension Benefit Guarantee Corporation (PBGC)**, then you may also be eligible for the HCTC. (see Chapter 5)*

## WHAT ARE THE LIMITS ON MY PROTECTIONS?

As important as they are, the federal and state health insurance reforms are limited. Therefore, you also should understand how the laws do *not* protect you.

- *If you change jobs, you usually cannot take your old health benefits with you. Except when you exercise your federal COBRA continuation rights, you are not entitled to take your actual group health plan with you when you leave a job. Your new health plan may not cover all of the benefits or the same doctors that your old plan did. (see Chapter 2)*
- *If you change jobs, your new employer may not offer you health benefits. Employers are required only to make sure that any health benefits they do offer do not discriminate based on health status. (see Chapter 2)*

- *If you get a new job with health benefits, your coverage may not start right away. Employers can require **waiting periods** before your health benefits begin. **HMOs** can require **affiliation periods**. (see Chapter 2)*
- *If you have a break in coverage of 63 days or more, you may have to satisfy a new pre-existing condition exclusion period when you join a new group health plan. (see Chapter 2)*
- *Even if you have **continuous coverage**, there may be a pre-existing condition exclusion period for some benefits if you join a group health plan that covers certain benefits your old plan did not. For example, say you move from a group plan that does not cover prescription drugs to one that does. You may have to wait up to one year before your new health plan will pay for drugs prescribed to treat a pre-existing condition. (see Chapter 2)*
- *If you work for certain non-federal public employers in Montana, not all of the group health plan protections may apply to you. (see Chapter 2)*
- *In Montana, your access to individual health insurance may depend on your health status. Individual health insurers in Montana are not prohibited from turning you down, charging more, or limiting coverage due to your health. (see Chapter 3)*
- *If you are HIPAA eligible, the Montana Comprehensive Health Association (MCHA) is your only guaranteed access to individual health insurance. However, if you are healthy, you may be able to buy an individual health insurance policy from a private insurer. (see Chapter 3)*
- *If you enroll in MCHA and are not HIPAA eligible, you will face a pre-existing condition exclusion period. (see Chapter 3)*
- *If you move away from Montana, you may not be able to buy individual health insurance in another state unless you are HIPAA eligible. (see Chapter 3)*

## CHAPTER 2

# YOUR PROTECTIONS UNDER GROUP HEALTH PLANS

This chapter describes the protections that you have in group health plans, such as those offered by employers or labor unions. Your protections will vary somewhat, depending on whether your plan is a fully insured group health plan or a **self-insured group health plan**. The plan's benefits information must indicate whether the plan is self-insured.

### WHEN DOES A GROUP HEALTH PLAN HAVE TO LET ME IN?

- *You have to be eligible for the group health plan.* For example, your employer may not give health benefits to all employees such as part-time, non-permanent, or seasonal employees. Or, your employer may offer an HMO plan that you cannot join because you live outside of the plan's service area.
- *You cannot be turned away or charged more because of your health status.* Health status means your medical condition or history, genetic information, or disability. This protection is called nondiscrimination. Employers may refuse or restrict coverage for other reasons (such as part time employment) as long as these are unrelated to health status and applied consistently.

### Discrimination due to health status is not permitted

The Acme Company offers two different health plans. Full time employees are offered a high option plan that covers prescription drugs; part time employees are offered a low option plan that does not. This is permitted under the law. By contrast, in a cost-cutting move, Acme restricts its high option plan to those employees who can pass a physical examination. This is not permitted under the law.

- *You must be given a special opportunity to sign up for your group health plan if certain changes happen to your family.* In addition to any regular **enrollment period** your employer or group health plan offers, you must be offered a special opportunity to enroll in your group health plan after certain events. Depending on the event, these **special enrollment periods** can last either 30 or 60 days. You can elect coverage at this time. If your group health plan offers family coverage, your dependents can elect coverage, as well. Enrollment during a special enrollment period is *not* considered **late enrollment**.

### **Certain changes can trigger a 30-day special enrollment opportunity**

- The birth, adoption, or placement for adoption of a child
- Marriage
- Involuntary loss of other coverage (for example, that you or your dependents had through yourself or another family member and lost because of death, divorce, legal separation, termination, retirement, or reduction in hours worked)

### **Certain changes can trigger a 60-day special enrollment opportunity**

- Loss of eligibility under Medicaid or SCHIP
- Eligibility for a state Medicaid or SCHIP premium assistance subsidy applicable to premiums for a group plan

- *Under Montana law, newborns, adopted children and children placed for adoption are automatically covered under the parent's group health plan for the first 31 days. The insurer may require that the parent enroll the child within the 31 days in order to continue coverage beyond the 31 days.*
- *If you have a disabled child, that child may remain covered under your group health plan after he or she reaches the age at which dependent coverage is usually terminated. To qualify, your adult son or daughter must be incapable of self-support because of mental retardation or physical disability and must be chiefly dependent on the policyholder for support. Proof of incapacity must be furnished to the insurer within 31 days of reaching the limiting age and may be required subsequently in the future.*
- *If your group health plan covers dependents, you may be able to keep your son or daughter covered under the plan after the age of majority. Most group health plans will allow your son or daughter to remain covered under your family plan past the age of 19 if they are a full time student.*

If your son or daughter is in college and covered as a dependent under your group, but cannot maintain student status due to illness, he or she may still be able to remain covered as your dependent for up to one year. A new federal law allows dependent children who take a medically necessary leave of absence due to a serious illness or injury to remain covered as dependents under their parents' group plan for up to one year or until the coverage would otherwise end, whichever comes first. This law will apply to plan years beginning on or after October 9, 2009.

In addition, in Montana, fully insured group health plans must cover as a dependent your unmarried child under the age of 25 who is not covered under any other group or individual health plan. This law does not apply to self-insured group health plans. Check with your employer to find out the kind of group health plan you have.

Read your plan documents carefully to determine when your child will “age off” your group health plan.

- *When you begin a new job, your employer may require a waiting period before you can sign up for health coverage.* This waiting period, however, must be applied consistently and cannot vary due to your health status. Unlike employers, insurance companies cannot require waiting periods.
- *When you begin a new job with health insurance through an HMO, the HMO may require a waiting period before coverage begins.* During this affiliation period, you will not have health insurance coverage. An HMO affiliation period cannot exceed 2 months (3 months for late enrollees), and you cannot be charged a premium during this time.
- *If you have to take leave from your job due to illness, the birth or adoption of a child, or to care for a seriously ill family member, you may be able to keep your group health plan for a limited time.* A federal law known as a **Family and Medical Leave Act (FMLA)** guarantees you up to 12 weeks of job-protected leave in these circumstances.

The FMLA applies to you if you work at a company with 50 or more employees.

If you qualify for leave under FMLA, your employer must continue your health benefits. You will have to continue paying your share of the premium.

If you decide not to return to work at the end of the leave period, your employer may require you to pay back the employer’s share of the health insurance premium. However, if you don’t return to work because of factors outside your control (such as a need to continue caring for a sick family member, or because your spouse is transferred to a job in a distant city) you will not have to repay the premium.

For more information about your rights under FMLA, contact the **U.S. Department of Labor**.

- *For an employer with one or more employees, Montana provides pregnancy disability leave for workers when temporarily disabled by pregnancy, childbirth, or related medical conditions.* For additional information, contact one of the following:

Department of Public Health and Human Services Human and Community Services Division at (406) 444-1788; or

The regional office of the U.S. Department of Labor, Wage and Hour Division in Salt Lake City, Utah, at (801) 524-5706.

## CAN A GROUP HEALTH PLAN LIMIT MY COVERAGE FOR PRE-EXISTING CONDITIONS?

When you first enroll in a group health plan, the employer or insurance company may ask if you have any pre-existing conditions. Or, if you make a claim during the first year of coverage, the plan may look back to see whether it was for such a condition. If so, it may try to exclude coverage for services related to that condition for a certain length of time. However, federal and state laws protect you by placing limits on these pre-existing condition exclusion periods under group health plans. In some cases, your protections will vary depending on the type of group health plan you belong to.

- *A group health plan can count as pre-existing conditions only those for which you actually received (or were recommended to receive) a diagnosis, treatment or medical advice during the six-month period immediately before you joined the plan. This period is called the **look back period**.*
- *Group health plans cannot apply a pre-existing condition exclusion period for pregnancy, newborns or newly adopted children, children placed for adoption, or genetic information.*
- *Group health plans can only exclude coverage for pre-existing conditions for a limited time. The maximum period allowed for exclusion is 12 months. However, if you enroll late in a group health plan (after you were hired and not during a regular or special enrollment period), you may have a pre-existing condition exclusion period of up to 18 months.*
- *Group health plans that impose pre-existing condition exclusion periods must give credit for any previous **continuous creditable coverage** that you've had. Most types of private and government-sponsored health coverage are considered creditable coverage.*

### What is creditable coverage?

Most health insurance counts as creditable coverage, including:

Children's Health Insurance Program	Medicare
Federal Employees Health Benefits (FEHBP)	Military health coverage (CHAMPUS, TRICARE)
Foreign National Coverage	State high-risk pools
Group health plan (including COBRA)	Student health insurance
Indian Health Service	VA coverage
Individual health insurance	
Medicaid	

In most cases, you should get a **certificate of creditable coverage** when you leave a health plan. You also can request certificates at other times. If you cannot get one, you can submit other proof of prior coverage, such as old health plan ID cards or statements from your doctor showing bills paid by your health insurance plan.

- *Coverage counts as continuous if it is not interrupted by a break of 63 or more days in a row.* In determining continuous coverage, employer-imposed waiting periods and HMO affiliation periods do not count as a break in coverage. If your new plan imposes a pre-existing condition exclusion period, you can credit time under your prior continuous coverage toward it. If your employer requires a waiting period, the pre-existing condition exclusion period begins on the first day of the waiting period. HMOs that require an affiliation period cannot exclude coverage for pre-existing conditions.

### What is continuous coverage?

You can get continuous coverage under one plan, or under several plans as long as you don't have a lapse of 63 or more consecutive days.

Take Art, who has diabetes. Ajax Company covered him under its group health plan for 9 months, but he lost his job and health coverage. Then, *45 days later*, Art found a new job at Beta Corporation and had health coverage for 9 more months. Art changed jobs again. His new company, Charter, has a health plan that covers care for diabetes but excludes pre-existing conditions for 12 months. Charter must cover Art's diabetes care immediately, because his 18 months of prior continuous coverage are credited against the 12-month exclusion.

Now consider a slightly different situation. Assume Art was uninsured for *90 days* between his jobs at Ajax and Beta. In this case, Charter will credit coverage only under Beta's plan toward the 12-month pre-existing condition exclusion period. Charter's plan will begin paying for Art's diabetes care in 3 months (1 year minus 9 months). Art does not get credit for his coverage at Ajax since he had a *break of more than 63 consecutive days*.

- *Your protections may differ if you move to a group health plan that offers more benefits than your old health plan did.* Plans can look back to determine whether your previous health plan covered prescription drugs, mental health, substance abuse, dental care, or vision care. If you did not have continuous coverage for one or more of these categories of benefits, your new group health plan may impose a pre-existing condition exclusion period for that category. Plans that use this method of crediting prior coverage must use it for everyone and must disclose this to you when you enroll.

**Even if coverage is continuous, there may be an exclusion for certain benefits**

Sue needs prescription medication to control her blood pressure. She had 2 years of continuous coverage under her employer's group health plan, which did not cover prescription drugs. Sue changes jobs, and her new employer's fully insured plan does cover prescription drugs. However, because her prior policy did not, the new plan refuses to cover her blood pressure medicine for a year.

**Question:** Is this permitted?

**Answer:** Yes. However, the plan must pay for covered doctor visits, hospital care, and other services for Sue's high blood pressure. It also must pay for covered prescription drugs she needs for other conditions that were not pre-existing.

- *No pre-existing condition exclusion period can be applied without appropriate notice.* Your group health plan must inform you, in writing, if it intends to impose such a period. Also, if needed, it must help you get a certificate of creditable coverage from your old health plan.

**LIMITS TO PROTECTIONS FOR CERTAIN GOVERNMENT WORKERS**

Federal law permits state, county, and local governments to exempt their employees in self-insured group health plans from some of the protections discussed previously in this chapter. Public employers must make this choice annually. When they do so, they are required to notify the federal government and specify which health insurance protections will not apply to their employees' group health plan.

In the past, a number of public employers in Montana have decided that certain health insurance protections will not apply to their employees. The Center for Medicare and Medicaid Services (CMS) used to post a list of employers which had elected to exempt, however it has removed this information from its web site.

If you are not sure about your protections under your public employee health plan, you should contact your employer. In addition, you can contact CMS directly at (877) 267-2323 ext. 61565 or at (410) 786-1565 to see if your employer has elected to be exempt from certain protection.

### **AS YOU ARE LEAVING GROUP COVERAGE...**

- *If you are leaving your job or otherwise losing access to your group health plan, you may be able to remain covered under the group health plan for a limited time. In addition, you may have special protections when buying certain kinds of individual health insurance. See Chapter 3 for more information about COBRA continuation coverage, conversion coverage, and MCHA coverage for “HIPAA eligible individuals.”*
- *If you have lost your group health plan and are receiving benefits from the Trade Adjustment Assistance (TAA) program, you may be eligible for a federal income tax credit to help you pay for new health coverage. This credit is called the Health Coverage Tax Credit (HCTC), and it is equal to 80% of the cost of qualified health coverage, including COBRA and MCHA. (see Chapter 5)*
- *If you are a retiree aged 55-65 and receiving pension benefits from the Pension Benefit Guaranty Corporation (PBGC), you may also be eligible for the HCTC. (see Chapter 5)*

## **CHAPTER 3**

# **YOUR PROTECTIONS WHEN BUYING INDIVIDUAL HEALTH INSURANCE**

If you do not have access to an employer-sponsored group health plan, you may want to buy an individual health policy from a private insurer. However, in Montana – as in most other states – you have limited guaranteed access to individual health insurance. Whether you can buy an individual health policy may depend on your health status, the kind of coverage you want to buy, and other circumstances. There are some alternatives to individual health insurance – such as COBRA, conversion policies, and the Montana Comprehensive Health Association. This chapter summarizes your protections under different kinds of health plan coverage.

### **INDIVIDUAL HEALTH INSURANCE SOLD BY PRIVATE INSURERS**

#### ***WHEN DO INDIVIDUAL HEALTH INSURERS HAVE TO SELL ME A POLICY?***

In Montana, your ability to buy individual health insurance may depend on your health status. There are certain circumstances, however, when you must be allowed to buy individual health insurance.

- *In general, insurers that sell individual health insurance in Montana are free to turn you down because of your health status and other factors. When applying for individual health insurance, you may be asked questions about health conditions you have now or had in the past. Depending on your health status, insurers might refuse to sell you coverage or offer to sell you a policy that has special limitations on what it covers.*

However, under no circumstance can you be turned down, charged more or face a pre-existing exclusion period by an individual insurer because of your genetic information. Genetic information includes the results of a genetic test and your family history of health conditions

- *If you are denied coverage because of your health status, you can buy individual health insurance from the Montana Comprehensive Health Association (MCHA).*
- *If you are HIPAA eligible, the Montana Comprehensive Health Association (MCHA) is your only guaranteed source of individual health insurance. You will not have a pre-existing condition exclusion period. There are limits on what you can be charged.*
- *In Montana, newborns are automatically covered under the parents' individual health insurance for the first 31 days. The insurer may require that the parent enroll*

the baby and pay the premium within the 31 days in order to continue coverage beyond the 31 days.

- *If you have a disabled child, that child may remain covered under your individual health insurance after he or she reaches the age at which dependent coverage is usually terminated.* To qualify, your adult son or daughter must be incapable of self-support because of mental retardation or physical disability and must be chiefly dependent on the policyholder for support. Proof of incapacity must be furnished to the insurer within 31 days of reaching the limiting age and may be required subsequently in the future.

### **WHAT WILL MY INDIVIDUAL HEALTH INSURANCE POLICY COVER?**

- *Montana requires that insurers offer a uniform health benefit plan to all consumers.* This plan is intended to be a less expensive policy because coverage under it is relatively sparse. The uniform plan requires a 50% coinsurance with a \$1,000 deductible, a stoploss of \$5,000, and a lifetime maximum of \$1 million. The uniform plan also does not cover some mandated benefits – such as rental or purchase of durable medical equipment – that Montana requires all other individual health insurance policies to cover.
- *Insurers are free to design other, non-standardized policies and offer them as well.* Montana does require all health plans to cover certain benefits such as hospital services and professional services for the diagnosis or treatment of injuries, illness, or conditions, other than dental.
- *Check with the Montana Division of Insurance for more information about mandated benefits.*

### **WHAT ABOUT COVERAGE FOR MY PRE-EXISTING CONDITION?**

- *Individual health insurers can impose **elimination riders**.* This is an amendment to your health insurance policy that permanently excludes coverage for a health condition or even an entire body part or system.
- *Individual health insurers can also impose **pre-existing condition exclusion period**.* The definition of pre-existing condition is different under individual health insurance than under group health plans. Individual health insurance can count as pre-existing any condition for which you received a diagnosis, medical advice, or treatment in the three years prior to purchasing coverage.

- *Pregnancy can be considered a pre-existing condition by individual health insurers. However, genetic information, provided that it is not favorable and provided voluntarily by the individual, cannot be used as the basis of a pre-existing condition.*
- *If you make a claim during the first two years of coverage, your insurer can look back to see if the claim is for a condition that would have been considered a pre-existing condition. If the insurer determines that the condition is a pre-existing condition, it can refuse to pay for expenses for that condition.*
- Like group health plans, individual health insurers in Montana must give you credit for any prior continuous creditable coverage. Coverage counts as continuous if it is not interrupted by a break of 30 days or more in a row.

### ***WHAT CAN I BE CHARGED FOR AN INDIVIDUAL HEALTH INSURANCE POLICY?***

- *If you have an expensive health condition, your individual health insurance premiums may be very high. The law does not prohibit Montana health insurers from charging you more because of your health status. However premiums cannot vary based on your genetic information.*

In addition, when you renew your individual coverage, your premiums can increase substantially as you age. If you have questions about your premiums, contact the Montana Insurance Division.

### ***CAN MY INDIVIDUAL HEALTH INSURANCE POLICY BE CANCELED?***

- *Your coverage cannot be canceled because you get sick. This is called guaranteed renewability. Generally, you have this protection provided that you pay the premiums, do not defraud the company, and, in the case of **managed care plans**, continue to live in the plan service area. However, specific disease policies (such as those that cover only cancer) are not required to be guaranteed renewable in Montana.*

Further, if you make a claim during the first two years of coverage under your policy, the insurer might re-investigate information you provided during the application process to determine whether you made a misstatement. If so, the insurer might try to take back your policy and void coverage altogether.

If you become involved in one of these “post-claims” investigations, be sure to call the Montana Office of the Commissioner of Securities and Insurance to learn more about your rights.

- *Some individual insurers sell temporary health insurance policies. Temporary policies are not guaranteed renewable. They will only cover you for a limited time, such as six months. If you want to renew coverage under a temporary policy after it expires you will have to reapply and there is no guarantee that coverage will be re-issued at all or at the same price.*

## **COBRA CONTINUATION COVERAGE**

### ***WHEN DO I HAVE TO BE OFFERED COBRA COVERAGE?***

If you are leaving your job and you had group coverage, you may be able to stay in your group plan for an extended time through COBRA continuation coverage. The information presented below was taken from publications prepared by the U.S. Department of Labor. You should contact them for more information about your rights under COBRA.

- *To qualify for COBRA continuation coverage, you must meet 3 criteria:*

First, you must work for an employer with 20 or more employees.

Second, you must be covered under the employer's group health plan as an employee or as the spouse or dependent child of an employee.

Finally, you must have a qualifying event that would cause you to lose your group health plan.

### **COBRA QUALIFYING EVENTS**

#### *For employees*

- Voluntary or involuntary termination of employment for reasons other than gross misconduct
- Reduction in numbers of hours worked

#### *For spouses*

- Loss of coverage by the employee because of one of the qualifying events listed above
- Covered employee becomes eligible for Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

#### *For dependent children*

- Loss of coverage because of any of the qualifying events listed for spouses
- Loss of status as a dependent child under the plan rules

- *Each person who is eligible for COBRA continuation can make their own decision.* If your dependents were covered under your employer plan, they may independently elect COBRA coverage even if you do not.
- *You must be notified of your COBRA rights when you join the group health plan, and again if you qualify for COBRA coverage.* The notice rules are somewhat complicated and you should contact the U.S. Department of Labor for more information.

In general, if the event that qualifies you for COBRA coverage involves the death, termination, reduction in hours worked, or Medicare eligibility of a covered worker, the employer has 30 days to notify the group health plan of this event. However, if the qualifying event involves divorce or legal separation or loss of dependent status, you have 60 days to notify the group health plan. Once it has been notified of the qualifying event, the group health plan has 14 days to send you a notice about how to elect COBRA coverage. Each member of your family eligible for COBRA coverage then has 60 days to make this election.

Once you elect COBRA, coverage will begin retroactive to the qualifying event. You will have to pay premiums dating back to this period.

#### **SPECIAL SECOND CHANCE TO ELECT COBRA FOR TRADE-DISLOCATED WORKERS**

- *A second COBRA election period may be available for TAA eligible people who did not elect COBRA when it was first offered.* The second election period can be exercised 60 days from the 1st day of TAA eligibility, but in no case later than 6 months following loss of coverage. Coverage elected during this second election begins retroactive to the beginning of the special election period – not back to qualifying event.
- *Certain people who lost their job-based health coverage because of the impact of imports on their employers have a limited second chance to elect COBRA.* People who are receiving benefits from the Trade Adjustment Assistance (TAA) Program are eligible for a federal income tax credit (the Health Coverage Tax Credit, or HCTC) that will pay 80% of their premiums.
- *For some laid off workers, TAA benefits begin after their 60-day period to elect COBRA continuation coverage has expired.* In this circumstance, TAA-eligible people have a second 60-day period, starting on the date of their TAA eligibility, to elect COBRA. (However, in no case can COBRA be elected more than 6-months following the original qualifying event (i.e. layoff) that caused the loss of group health plan coverage.)
- *When COBRA is elected during this special, second election period, coverage starts on the first date of the special election period.* Any time that has elapsed between the original qualifying event and the first date of the special election period is not counted as a lapse in coverage in determining continuous coverage history.

- *To qualify as HIPAA eligible, you must use up any COBRA continuation coverage available to you.*

### **WHAT WILL COBRA COVER?**

- *Your covered health benefits under COBRA will be the same as those you had before you qualified for COBRA.* For example, if you had coverage for medical, hospitalization, dental, vision, and prescription drug benefits before COBRA, you can continue coverage for all of these benefits under COBRA. If these benefits were covered under more than one plan (for example, a separate health insurance and dental insurance plan) you can choose to continue coverage under any or all of the plans. Life insurance is not covered by COBRA.

If your employer changes the health benefits package after your qualifying event, you must be offered coverage identical to that available to other active employees who are covered under the plan.

### **WHAT ABOUT COVERAGE FOR MY PRE-EXISTING CONDITION?**

- *Because your group coverage is continuing, you will not be faced with a new pre-existing condition exclusion period under COBRA.* However, if you were in the middle of a pre-existing condition exclusion period when your qualifying event occurred, you will have to finish it.

### **WHAT CAN I BE CHARGED FOR COBRA COVERAGE?**

- *You must pay the entire premium (employer and employee share, plus a 2% administrative fee) for COBRA continuation coverage.* The first premium must be paid within 45 days of electing COBRA coverage.
- *If you elect the 11-month disability extension, the premium will increase to 150% of the total cost of coverage.* See below for more information about the disability extension.
- *If you lost your group health plan because of involuntary termination of employment that occurred between September 1, 2008 and December 31, 2009, you may be eligible for a federal tax credit that can help you pay for your COBRA premiums for up to nine months.* This tax credit was created as part of The American Recovery and Reinvestment Act of 2009 (ARRA) and covers 65% of your COBRA premium. For more information call the Employee Benefits Security Administration at the United State Department of Labor at (866) 444-3272 or visit the COBRA/AARA

information center at <http://www.dol.gov/ebsa/cobra.html>. Information about the COBRA tax credit is also available from the IRS at <http://www.irs.gov/newsroom/article/0,,id=204505,00.html> and Department of Health And Human Services at <http://www.cms.hhs.gov/COBRAContinuationofCov/>.

- *If you lost your group health plan and are receiving benefits from the Trade Adjustment Assistance (TAA) Program, you may be eligible for a federal income tax credit to help you pay for new health coverage. The credit is called the Health Coverage Tax Credit (HCTC), and it is equal to 80% of the cost of qualified health coverage, including COBRA. (see Chapter 5)*
- *If you are a retiree aged 55-65 and receiving pension benefits from PBGC, and receiving benefits from the Trade Adjustment Assistance (TAA) Program, then you may be eligible for a federal income tax credit to help pay for new health coverage. This credit is called the Health Coverage Tax Credit (HCTC). (see Chapter 5)*
- *Call the Department of Labor at (866) 444-3272 to find out if other temporary COBRA subsidies are available to you.*

#### ***HOW LONG DOES COBRA COVERAGE LAST?***

- *COBRA coverage generally lasts up to 18 months and cannot be renewed. However, dependents are sometimes eligible for up to 36 months of COBRA continuation coverage, depending on their qualifying event. In addition, special rules for disabled individuals may extend the maximum period of coverage to 29 months. To qualify for the disability extension, you must have been disabled at the time of your COBRA qualifying event (such as termination of employment or reduction in hours) or be determined to have become disabled within 60 days of that qualifying event. You must obtain this disability determination from the Social Security Administration, and you must notify your group health plan within 60 days of this disability determination.*

## LENGTH OF COBRA COVERAGE

<u>Qualifying event(s)</u>	<u>Eligible person(s)</u>	<u>Coverage</u>
Termination Reduced hours	Employee Spouse Dependent child	18 months *
Employee enrolls in Medicare Divorce or legal separation Death of covered employee	Spouse Dependent child	36 months
Loss of "dependent child" status	Dependent child	36 months

\*Special rules may extend coverage an additional 11 months for certain disabled individuals and their eligible family members

- *Usually, COBRA continuation coverage ends when you join a new health plan. However, if your new plan has a waiting period or a pre-existing condition exclusion period, you can keep whatever COBRA continuation coverage you have left during that period. For specifics, ask your former employer or contact the U.S. Department of Labor.*
- *COBRA coverage also ends if your employer stops offering health benefits to other employees.*
- *COBRA coverage might end if you are in a managed care plan that is available only to people living in a limited geographic area and you move out of that area. However, if you are eligible for COBRA and are moving out of your current health plan's service area, your employer must provide you with the opportunity to switch to a different plan, but only if the employer already offers other plans to its employees. Some examples of the other plans your employer may offer you are a managed care plan whose service area includes the area you are moving to, or another plan that does not have a limited service area.*

## CONVERSION COVERAGE

### WHEN AM I ELIGIBLE FOR CONVERSION COVERAGE?

- *In Montana, if you have had coverage through an employer's fully insured group health plan for at least 3 months and you leave that job, you are eligible to buy conversion coverage. This is an individual policy you get from the company that*

insured your employer's group plan. If you had family coverage under your prior group plan, your dependents can elect conversion coverage, as well.

- *You do not need to be HIPAA eligible to buy a conversion policy.*

#### **WHAT DOES A CONVERSION POLICY COVER?**

- *It depends on the plan you select. The insurance company must offer as a conversion policy a choice of any group health plan or individual policy it customarily sells.*
- *The insurance company also must offer you a conversion policy with the same coverage as the lowest-cost basic group health plan it sells to small employers. (see Chapter 4)*

#### **WHAT ABOUT COVERAGE FOR MY PRE-EXISTING CONDITION?**

- *Your conversion policy cannot impose a new pre-existing condition exclusion period. However, if you were in the middle of an exclusion period under your former group health plan coverage, you may have to finish it.*

#### **HOW MUCH CAN I BE CHARGED FOR CONVERSION COVERAGE?**

- *Conversion policy premiums may be much more expensive than your former group plan premiums. The premium for a conversion policy cannot be more than twice as high as the premium customarily charged by the insurer for that policy. If you choose the conversion policy with the same coverage as the lowest cost basic group health plan for small employers, your premium cannot be more than 150% of the premium customarily charged by the insurer for that health plan.*

#### **CAN MY CONVERSION POLICY BE CANCELED?**

- *Conversion policies, like other individual health insurance policies, are guaranteed renewable. Your coverage cannot be canceled if you get sick. You have this protection provided that you pay the premiums, do not defraud the company, and, in the case of managed care plans, continue to live in the plan service area.*

## MONTANA COMPREHENSIVE HEALTH ASSOCIATION (MCHA)

Montana has a high risk pool program, called Montana Comprehensive Health Association (MCHA) that offers insurance for people with health conditions who are unable to buy private health insurance coverage and for people who are HIPAA eligible. MCHA is also considered a qualified health plan for individuals eligible for the health coverage tax credit (HCTC). (see Chapter 5)

### **WHEN AM I ELIGIBLE FOR MCHA?**

- *If you are HIPAA eligible, you can buy health insurance from MCHA.*

#### **To be HIPAA eligible, you must meet certain criteria**

No matter where you live in the U.S., if you are HIPAA eligible you are guaranteed the right to buy individual health insurance of some kind with no pre-existing condition exclusion periods. In Montana, you are guaranteed the right to buy coverage only from MCHA. To be HIPAA eligible, you must meet all of the following:

- You must have had 18 months of continuous creditable coverage, *at least the last day of which was under a group health plan.*
- You also must have used up any COBRA for which you were eligible.
- You must not be eligible for Medicare, Medicaid, or a group health plan.
- You must not have health insurance. (Note, however, if you know your group coverage is about to end, you can apply for coverage for which you *will* be HIPAA eligible.)
- You must apply for health insurance for which you are HIPAA eligible within 63 days of losing your prior coverage.

Your HIPAA eligible status ends as soon as you enroll in MCHA or an individual health insurance policy, because the last day of your continuous health coverage must have been in a group plan. You can become HIPAA eligible again by maintaining continuous coverage and rejoining a group health plan.

- *If you are eligible for the Health Coverage Tax Credit (HCTC), you can buy insurance from MCHA. (see Chapter 5)*
- *If you are not HIPAA or HCTC eligible, you can buy coverage from MCHA if you are a Montana resident for at least 30 days and can demonstrate proof of uninsurability. You are considered uninsurable in Montana if:*

- You have been diagnosed with one of a list of serious health conditions (such as cancer or diabetes);
  - In the 6 months prior to applying, you have been turned down for coverage by 2 insurance companies or offered a plan with an elimination rider that excludes coverage for your pre-existing condition; or
  - The individual insurance you have or were offered costs more than 150% of the average premium rate used to calculate the Traditional Plan rate offered through MCHA.
- *In general, you cannot have MCHA coverage if you are eligible for any other health insurance except Medicare.* However, if you are in MCHA and become eligible for another health plan that has a pre-existing condition exclusion period, you can keep your MCHA coverage through the end of that exclusion period.

### **WHAT DOES MCHA COVER?**

- *MCHA offers six portability plans, six traditional plans, and one premium assistance plan.* Portability plan options are only available if you are HIPAA eligible. The six portability plans offer options from a \$1,000 annual deductible with a \$3,000 out-of-pocket maximum to a \$10,000 annual deductible with a \$14,500 out-of-pocket maximum option. Portability plans require a 30% copayment on covered services from in-network providers, and a 50% copayment for covered services from out-of-network providers. Benefits include hospital and doctor services, lab and x-ray tests, home health care, maternity care, treatment for mental illness and chemical dependency, prescription drugs, and other benefits. Covered services have a lifetime limit of \$2 million.

If you are not HIPAA eligible, traditional MCHA coverage is your only available option. Traditional plan coverage is similar to portability plans. However, there is no coverage for mental health or chemical dependency. The six traditional plans offer options from a \$1,000 annual deductible with a \$5,000 out-of-pocket maximum option to a \$10,000 annual deductible with a \$13,500 out-of-pocket maximum option. Traditional plans require you to pay 20% for covered services from in-network providers and 40% for covered services from out-of-network providers until you reach the out-of-pocket maximum. Then the plan will pay 100% for covered services for the remainder of the year.

The MCHA premium assistance plan is for individuals who qualify for traditional plan coverage and who meet certain income guidelines. Enrollment is on a first-come, first served basis and is limited to the available funding.

Plan options are subject to change. Please contact MCHA for more information.

- *If you have Medicare, MCHA also offers a special carve out policy with its own premium. Call MCHA for more information about Medicare carve out coverage.*

#### ***WHAT ABOUT COVERAGE FOR MY PRE-EXISTING CONDITION?***

- *If you are HIPAA eligible or eligible for the Health Coverage Tax Credit (HCTC), you will not have a pre-existing condition exclusion when you enroll in MCHA. Elimination riders are not permitted on MCHA plans.*
- *If you are not HIPAA eligible, MCHA will exclude coverage for your pre-existing condition for 12 months (4 months in the case of the premium assistance plan). MCHA will look back 3 years before you enroll to see if you had a condition for which you actually received a diagnosis or medical advice or treatment. Unlike group health plans, MCHA can impose a pre-existing condition exclusion period on pregnancy. MCHA will give you credit for prior continuous coverage if it included similar or greater benefits, and if you apply within 30 days of losing your prior coverage.*

#### ***HOW MUCH CAN I BE CHARGED FOR MCHA COVERAGE?***

- *MCHA premiums vary based on the plan you choose and your age. For example, monthly premiums for traditional coverage range from \$150-\$427 for a 24-year old male and \$468-\$1,335 for a 64-year old male. Monthly premiums for portability coverage range from \$152-\$435 for a 24-year old male and \$476-\$1,361 for a 64-year old male. Call MCHA for a brochure listing of all coverage options and premiums.*
- *A premium subsidy is available to high-risk low-income uninsurable Montana residents. The subsidies are 45% of premium after the pre-existing exclusion period is satisfied. The pre-existing exclusion period is shortened to 4-months for individuals who qualify for premium subsidies.*

#### ***HOW LONG DOES COVERAGE LAST?***

- *MCHA policies are renewable as long as you pay your premiums, continue to reside in Montana, and meet other eligibility requirements.*

## CHAPTER 4

# YOUR PROTECTIONS AS A SMALL EMPLOYER OR SELF-EMPLOYED PERSON

Federal law extends certain protections to employers seeking to buy health insurance for themselves and their workers. Montana has enacted reforms to expand some of these protections. Generally, small employers are those that employ 2-50 employees. Please note, however, that the definitions of small employer and employee are somewhat different under federal and state law. Check with the Montana Division of Insurance to be sure that you know which protections apply to your group.

### DO INSURANCE COMPANIES HAVE TO SELL ME HEALTH INSURANCE?

- *With few exceptions, small employers cannot be turned down.* This is called guaranteed issue. If you employ at least 2 but not more than 50 people eligible for health benefits, health insurance companies must sell you any **small group health plan** they sell to small employers. To determine the number of eligible employees, you pick a minimum standard of between 20 and 40 hours per week. Any of your employees who meet that weekly work standard must be counted as eligible employees by the insurer.

Insurers can require that a minimum percentage of your eligible employees sign up for coverage. They can also require you to pay a minimum share of your workers' premiums. If you are buying a large group health plan for 51 or more eligible employees, your group can be turned down.

- *Under no circumstances can you be turned down or charged more because of the genetic information of someone in your group.* In addition, insurance companies may not even ask about genetic test results or family history of people in your group when you apply for coverage.
- *Your insurance cannot be canceled because someone in your group becomes seriously ill.* This is called guaranteed renewability and it applies to group plans of all sizes. Insurers can impose other conditions, however. They can require you to meet minimum participation and contribution rates in order to renew your coverage. Additionally, they can refuse to renew your coverage for nonpayment of premiums or if you commit fraud, or if they are discontinuing that insurance product. In the latter case, they must give you a chance to buy other plans they sell to groups of your size.

## CAN I BE CHARGED MORE BECAUSE OF MY GROUP'S HEALTH STATUS?

- *Within limits, you can be charged higher premiums based on the health, risk, and demographic characteristics of your group.* For small employers, Montana limits the difference in premiums and the annual increase that can be charged. In addition, insurers cannot charge higher premiums based on the genetic information of those in your group.
- *For groups with more than 50 eligible employees, Montana does not limit premium variation or increases, except that large groups also cannot be charged more based on genetic information*
- *If you have questions about your group health plan premiums, contact the Montana Division of Insurance.*

## WHAT PLAN CHOICES DO I HAVE?

- *Insurance companies that sell small group health plans in Montana must offer a standard plan and a basic plan.* Insurers can offer other health plans as well.
- *The standard plan must meet coverage requirements set by law.* A standard plan deductible cannot exceed \$500 per person (\$1,000 per family). Copayments cannot exceed 25%. The out-of-pocket limit on covered expenses cannot exceed \$2,000 per person annually (\$4,000 per family). The lifetime maximum benefit cannot be less than \$1 million.
- *Coverage under basic plans must be less than under standard plans.* Basic plans must cover at least the benefits covered under MCHA traditional coverage, plus coverage for mammograms and treatment for chemical dependency and mental health. The insurance company will vary deductibles, copayments, out-of-pocket expenses, lifetime benefits, and other cost-sharing arrangements to give the basic plan benefits a lower value than the standard plan.

## WHAT IF I AM SELF-EMPLOYED?

- *If you are self-employed with no other workers, you are not eligible to buy a group health plan on your own (though you may be able to join another group health plan through a family member).* Therefore, the laws that protect employers' access to group health plans do not apply to you. Your access to health insurance is protected by the laws that apply to individuals. (see Chapter 3)

- *If you are self-employed and buy your own health insurance, you are eligible to deduct 100% of the cost of your premium from your federal income tax.*

## **A WORD ABOUT ASSOCIATION PLANS**

- *Some small employers, self-employed people, and other individuals buy health insurance through professional or trade associations. The laws applying to association health coverage can be different than those for other health plans. Check with the Montana Division of Insurance about your protections in association health plans.*

## **CHAPTER 5**

### **FINANCIAL ASSISTANCE**

Help is available to certain low-income residents of Montana who cannot afford to buy health insurance. Medicaid and the Montana Child Health Insurance Plan (MT CHIP) offer free or subsidized health insurance coverage, direct medical services or other help at little or no cost to you.

In addition, the federal government, under the Trade Adjustment Assistance (TAA) Program, provides tax credits to some workers who lose their jobs or whose work hours and wages are reduced as a result of increased imports. This chapter provides summary information about these programs and contact information for further assistance.

#### **MEDICAID**

Medicaid is a program that provides health coverage to some low-income Montana residents. Medicaid covers families with children and pregnant women, medically needy individuals, the elderly, and people with disabilities, if state and federal guidelines are met. Legal residents who are not U.S. citizens may be eligible for Medicaid. Non-citizens who do not have immigration documents cannot enroll in Medicaid.

- *For certain categories of people, eligibility for Medicaid is based on the amount of your household income.*

In Montana you may be eligible for Medicaid if you are an infant, a child, pregnant, or a parent of a child and your family income meets the Medicaid income standards.

Income eligibility levels for these categories are described below. Your assets and some expenses also may be taken into account, so you should contact the Montana Department of Public Health and Human Services or your County Office of Public Assistance for more information.

### Low income persons eligible for Medicaid in Montana\*

<u>Category</u>	<u>Income eligibility</u> (as percent of federal poverty level)
Child up to 5	133%
Child 6-19	100%
Non-working parents	33%
Working parents	58%
Pregnant woman	150%
Medically needy (Individual)	73%
Medically needy (Couple)	54%

\* Eligibility information was compiled *State Health Facts Online*, the Kaiser Family Foundation and may have changed since this guide was published. Contact your state Medicaid program for the most up to date information and for other eligibility requirements that may apply.

To get an idea of how your income compares to the federal poverty level, use the federal poverty guideline issued by the U.S. Department of Health and Human Services for the year 2009:

<u>Size of Family Unit</u>	<u>Poverty Guideline (annual income)</u>
1	\$10,830
2	\$14,570
3	\$18,310

For larger families add \$3,740 for each additional person.

So, for example, using this guideline, 200% of the federal poverty level for a family of 3 would be an annual income of \$36,620, or a monthly income of \$3,052.

Contact your state Medicaid program for the most up to date information and for other eligibility requirements that may apply.

- *Parents who receive benefits under TANF (also known as Families Achieving Independence in Montana, or FAIM) should know that when you get a job and your TANF benefits end, you generally can stay on Medicaid for a 12-month transitional period.*

In addition, your children may qualify for Medicaid if your family's income meets certain income standards.

- *Poor elderly or disabled people who get Supplemental Security Income (SSI) benefits can also qualify for Medicaid.*

Disabled individuals should know that if your income earned from a job increases so that you no longer qualify for SSI, you may be able to continue your Medicaid coverage at least for a limited time.

- *People who have high medical expenses may also qualify for Medicaid.* You may qualify as medically needy if you are a child, parent of a dependent child, pregnant, elderly, or disabled and have high medical expenses that, when subtracted from your income, would make you eligible for Medicaid coverage. For example, people who have to pay a lot for prescription drugs, nursing home care, or other long term care services sometimes qualify as medically needy if they don't have health insurance that covers these services.
- *People who are age 65 or over and who have low incomes and are enrolled in Medicare may also qualify for help from Medicaid.* Even though your income may be too high to qualify for Medicaid insurance coverage, there may be other ways Medicaid can help you.

If your household income is below the poverty level, Medicaid will pay your Medicare monthly premium and your Medicare deductibles and coinsurance. This is called the Qualified Medicare Beneficiary (QMB) program.

If your household income is below 120% of the poverty level, Medicaid will pay for your monthly Medicare premiums only. This is called the Specified Low-Income Medicare Beneficiary (SLMB) program.

Contact your County Office of Public Assistance for more information about other eligibility requirements.

- *There may be other ways that Medicaid can help.* To find out if you or other members of your family qualify for Medicaid, contact your County Office of Public Assistance. You can apply for Medicaid at the County Office of Public Assistance.

To obtain the locations and telephone number of sites near you call the Montana Medicaid Help Line at (800) 362-8312.

## **MONTANA CHILDREN'S HEALTH INSURANCE PLAN (CHIP)**

Montana Children's Health Insurance Plan (CHIP) is a state-designed program that provides health coverage to low-income Montana children under the age of 19 who are not eligible for Medicaid and who have limited or no health insurance.

- *A child whose family has a household income below 150% of the federal poverty level is eligible for CHIP. For a family of three, this works out to an annual income of about \$27,465, or a monthly income of about \$2,289.*
- *Some families are required to pay a small copayment, ranging from \$3 to \$25, depending on the service. The total copayment per family per benefit year cannot exceed \$215.*
- *Services include physician and hospital services, prescription drugs, laboratory and radiological services, mental health and substance abuse treatment services, and dental, and vision care.*
- *For more information, call the Family Health Line at 1-877 Kids-Now (877-543-7669) or visit [www.chip.mt.gov](http://www.chip.mt.gov).*

### **MONTANA BREAST AND CERVICAL CANCER TREATMENT (MBCCT)**

- *Women who are screened through the Montana Breast and Cervical Health Program (MBCHP) and diagnosed with breast and/or cervical cancer can apply for full healthcare coverage through Medicaid, which covers the cost of breast and cervical cancer treatment.*
- *To be eligible for full Medicaid benefits, your income cannot exceed 200% of the federal poverty level, you must be a resident of Montana under 65 years of age with no creditable health insurance coverage that will cover the treatment, must meet satisfactory immigration status, have been screened and diagnosed with breast or cervical cancer, or a precancerous condition through the MBCHP, and in need of treatment. Eligibility for coverage ends when the course of treatment is completed, or when you no longer meet the eligibility requirements.*
- *For more information about MBCCT, call the Montana Department of Public Health & Human Services, Division of Child and Adult Health Resources at (406) 444-0063.*

### **THE FEDERAL HEALTH COVERAGE TAX CREDIT (HCTC)**

A federal income tax credit is available to help certain trade dislocated workers and early retirees, and their dependents, buy qualified health insurance coverage. The Health Coverage Tax Credit (HCTC) covers 80% of the insurance premium for qualified coverage. Under this program, you can either claim the tax credit at the end of the year on your tax return or you can elect to have the money paid directly to your qualified health plan each month by the Internal Revenue Service.

### **WHEN AM I ELIGIBLE FOR THE HCTC?**

- *To be eligible for the tax credit, you must be receiving Trade Adjustment Assistance (TAA) benefits or retirement benefits from the PBGC. If you are receiving PBGC benefits, you also must be at least 55 years old. In addition, you must not be enrolled in Medicare, Medicaid, or in other employer-sponsored coverage for which the employer contributes at least half of the premium.*
- *HCTC may apply to your family, too. If you are eligible, you can use the credit to help purchase qualified health coverage for your qualified family members. Qualified family members are your spouse and dependents that you can claim on your federal tax return. Family members are not eligible if they are enrolled in another group health plan where the employer pays at least 50% of the cost of coverage, or in Medicaid, SCHIP, FEHBP, Tricare/CHAMPUS.*
- *Eligibility for HCTC is not based on income. In addition, the HCTC is refundable. This means you can claim the credit even if you do not earn enough income to owe federal income tax.*

### **HOW MUCH OF MY HEALTH COVERAGE PREMIUM WILL THE TAX CREDIT COVER?**

- *The HCTC is equal to 80% of health insurance premiums for qualified health insurance coverage.*

### **WHAT HEALTH COVERAGE IS ELIGIBLE FOR THE TAX CREDIT?**

- *The HCTC can only be used to help pay for “qualified” health coverage. COBRA continuation coverage is considered qualified health coverage (see Chapter 3 for more information about COBRA). In addition, Montana has designated the Montana Comprehensive Health Association as qualified health coverage. (see Chapter 3)*

### **HOW DO I CLAIM THE HCTC?**

- *You can claim the HCTC on your tax return and be reimbursed for 80% of the premium you paid for qualified coverage while you were eligible for the HCTC. Currently, this is the only way to claim the HCTC if your qualified health plan is provided through a spouse’s employer.*
- *Alternatively, you can choose to have your credit sent directly to your qualified health plan each month. To do this, you must register with the HCTC customer service center by calling (866) 628-HCTC (866-628-4282), Monday through Friday*

between the hours of 7 am and 7 pm, Central time. TDD/TYY callers, please call (866) 626-HCTC (866-626-4282).

***WHERE CAN I GET MORE INFORMATION?***

- *For more information about the HCTC, contact the HCTC customer service center at (866) 628-HCTC, or see the IRS website at <http://www.irs.gov/individuals/article/0,,id=187948,00.html>.*
- *For more information about TAA benefits, visit <http://www.doleta.gov/tradeact>.*
- *For more information about PBGC, call (202) 326-4000 or visit online at <http://www.pbgc.gov>.*

## FOR MORE INFORMATION...

As a summary, this guide will not answer every question for every person in every circumstance. In addition, it is not a substitute for legal advice. If you have more questions, contact the agencies listed below or consult an attorney.

<b>For questions about:</b>	<b>Contact:</b>
Individual health insurance Fully insured group health plan Conversion coverage	<i>Montana Office of the Commissioner of Securities and Insurance</i> (800) 332-6148 (in-state only) (406) 444-2040 <a href="http://sao.mt.gov/insurance/index.asp">http://sao.mt.gov/insurance/index.asp</a>
Self-insured group health plans COBRA continuation coverage Family and Medical Leave Act	<i>U.S. Department of Labor, Division of Technical Assistance and Inquiries, Washington, D.C.</i> (202) 219-8776  <i>For Department of Labor Employee Benefits Security Administration: Employee &amp; Employer Assistance Hotline and Publications:</i> (866) 444-EBSA (3272) <a href="http://www.dol.gov/ebsa">http://www.dol.gov/ebsa</a>
Montana Comprehensive Health Association (MCHA)	(800) 447-7828 (406) 444-8537 <a href="http://www.mthealth.org/">http://www.mthealth.org/</a>
Medicaid	<i>Montana Department of Public Health and Human Services, Division of Child and Adult Health Resources</i> (800) 332-2272 (In-state calls only) <a href="http://www.dphhs.mt.gov/programsservices/medicaid.shtml">http://www.dphhs.mt.gov/programsservices/medicaid.shtml</a>
Children's Health Insurance Plan (CHIP)	<i>Montana Department of Public Health and Human Services</i> (877) 543-7669 (406) 444-6971 <a href="http://chip.mt.gov/">http://chip.mt.gov/</a>
Montana Breast and Cervical Health Program (MBCHP)	<i>Department of Public Health &amp; Human Services Public Health &amp; Safety Division</i> (888) 803-9343 <a href="http://www.dphhs.mt.gov/phsd/cancer-control/breast&amp;cerv-index.shtml">http://www.dphhs.mt.gov/phsd/cancer-control/breast&amp;cerv-index.shtml</a>
The Federal Health Coverage Tax Credit (HCTC)	<i>Internal Revenue Service (IRS)</i> (866) 628-HCTC (4282) <a href="http://www.irs.gov/individuals/article/0,,id=187948,00.html">http://www.irs.gov/individuals/article/0,,id=187948,00.html</a>

Finally, if you would like to obtain a consumer guide for a different state, visit the web at <http://www.healthinsuranceinfo.net>

## HELPFUL TERMS

***Affiliation Period.*** The time an HMO may require you to wait after you enroll and before your coverage begins. HMOs that require an affiliation period cannot exclude coverage of pre-existing conditions under group health plans. Premiums cannot be charged during HMO affiliation periods. See also HMO.

***Alternative Trade Adjustment Assistance (ATAA).*** ATAA is a benefit for workers at least 50 years old who have obtained different, full-time employment within 26 weeks of the termination of adversely-affected employment. These workers may receive 50% of the wage differential (up to \$10,000) during their 2 year eligibility period. To be eligible for the ATAA program, workers may not earn more than \$50,000 per year in their new employment. Also, the firm where the workers worked must meet certain eligibility criteria.

***Certificate of Creditable Coverage.*** A document provided by your health plan that lets you prove you had coverage under that plan. Certificates of creditable coverage will usually be provided automatically when you leave a health plan. You can obtain certificates at other times, as well. See also Creditable Coverage.

***COBRA.*** Stands for the Consolidated Omnibus Budget Reconciliation Act, a federal law in effect since 1986. COBRA permits you and your dependents to continue in your employer's group health plan after your job ends. If your employer has 20 or more employees, you may be eligible for COBRA continuation coverage when you retire, quit, are fired, or work reduced hours. Continuation coverage also extends to surviving, divorced or separated spouses; dependent children; and children who lose their dependent status under their parent's plan rules. You may choose to continue in the group health plan for a limited time and pay the full premium (including the share your employer used to pay on your behalf). COBRA continuation coverage generally lasts 18 months, or 36 months for dependents in certain circumstances.

***Continuous Coverage.*** Health insurance coverage that is not interrupted by a significant lapse. When joining a group health plan, coverage is considered continuous if there is not a break of 63 or more consecutive days. When joining individual health insurance, coverage is considered continuous if there is not a break of 30 or more consecutive days. Employer waiting periods and HMO affiliation periods do not count as gaps in health insurance coverage for the purpose of determining if coverage is continuous. See also Creditable Coverage, HIPAA, Group Health Plan, Individual Health Insurance.

**Conversion.** Your right, when leaving a fully insured group health plan in Montana, to convert your policy to an individual health insurance policy if you were continuously insured under the group plan for at least 3 months. You must apply for coverage and make the first premium payment within 31 days of termination of the group coverage. There are rules about the type of coverage that must be offered and the premiums that can be charged by conversion policies in Montana. See also Fully Insured Group Health Plan.

**Creditable Coverage.** Health insurance coverage under any of the following: a group health plan; individual health insurance; student health insurance in Colorado; Medicare; Medicaid; CHAMPUS and TRICARE (health coverage for military personnel, retirees, and dependents); the Federal Employees Health Benefits Program; Indian Health Service; the Peace Corps; Public Health Plan (any plan established or maintained by a State, the U.S. government, a foreign country); State Children's Health Insurance Program; or a state health insurance high risk pool. See also Continuous Coverage, Group Health Plan, Individual Health Insurance.

**Elimination Rider.** A feature permitted in individual health insurance that excludes coverage for a specific health condition, body part or body system. Unlike pre-existing condition exclusion periods, which can be no longer than 12 months, elimination riders can last indefinitely. Individual health insurers can look back 3 years for evidence of a health problem. You can apply to have an elimination rider modified or removed, but the health plan is not obligated to do so.

**Enrollment Period.** The period during which all employees and their dependents can sign up for coverage under an employer group health plan. Besides permitting workers to elect health benefits when first hired, many employers and group health insurers hold an annual enrollment period, during which all employees can enroll in or change their health coverage. See also Group Health Plan, Special Enrollment Period.

**Families Achieving Independence in Montana (FAIM).** The program provides temporary assistance for needy families with (or expecting) children. Temporary cash assistance may be provided to eligible individuals for a period of time not to exceed 60 months in a family's lifetime. FAIM provides parents or caregivers receiving cash assistance with job preparation, support services, vigorous pursuit of child support, and other alternatives to public assistance as they transition to economic self-sufficiency. A variety of requirements must be met to obtain assistance under this program.

**Family and Medical Leave Act (FMLA).** A federal law that guarantees up to 12 weeks of job protected leave for certain employees when they need to take time off due to serious illness, to have or adopt a child, or to care for another family member. When you qualify for leave under FMLA, you can continue coverage under your group health plan.

**Fully Insured Group Health Plan.** A health plan purchased by an employer from an insurance company. Fully insured group health plans are regulated by Montana. See also Self-Insured Group Health Plans.

**Genetic Information.** Genetic test results indicating your or a member of your family's risk of developing a health condition. Genetic information includes the existence or history of a disease or disorder in a family member. Genetic services, including genetic counseling and education received by you or a family member, is also considered part of your genetic information.

**Group Health Plan.** Health insurance (usually sponsored by an employer, union or professional association) that covers at least 2 employees.

**Guaranteed Issue.** A requirement that health plans must permit you to enroll regardless of your health status, age, gender, or other factors that might predict your use of health services. By federal law, all health plans sold to small employers are guaranteed issue. Plans that are guaranteed issue can turn you away for other reasons.

**Guaranteed Renewability.** A feature in most health plans that means your coverage cannot be canceled because you get sick. HIPAA requires health insurance to be guaranteed renewable. Your coverage can be canceled for other reasons unrelated to your health status. Disease-specific health plans (such as those covering only cancer) are not required to be guaranteed renewable in Montana.

**Health Coverage Tax Credit (HCTC).** The Health Coverage Tax Credit (HCTC) is a program that can help pay for nearly two-thirds of eligible individuals' health plan premiums. In general, in order to be eligible for the health coverage tax credit, you must be 1) receiving Trade Readjustment Allowance benefits (TRA), or 2) will receive TRA benefits once your unemployment benefits are exhausted, or 3) receiving benefits under the Alternative Trade Adjustment Assistance (ATAA) program, or 4) aged 55 or older and receiving benefits from the Pension Benefit Guaranty Corporation (PBGC).

**Health Insurance or Health Plan.** In this guide, the term means benefits consisting of medical care (provided directly or through insurance or reimbursement) under any hospital or medical service policy, plan contract, or HMO contract offered by a health insurance company or a group health plan. It does not mean coverage that is limited to accident or disability income insurance, workers' compensation insurance, liability insurance (including automobile insurance) for medical expenses, or coverage for on-site medical clinics. Health insurance also does not mean coverage for limited dental or vision benefits to the extent these are provided under a separate policy.

**Health Status.** When used in this guide, refers to your medical condition (both physical and mental illnesses), claims experience, receipt of health care, medical history, genetic information, evidence of insurability (including conditions arising out of acts of domestic violence), and disability. See also Genetic Information.

**HIPAA.** The Health Insurance Portability and Accountability Act was passed in 1996 to help people buy and keep health insurance, even when they have serious health conditions, the law sets basic requirements that all health plans must meet. Since states can and have modified and expanded upon these provisions for state regulated health plans, consumers' protections vary from state to state.

**HIPAA Eligible.** Status you attain once you have had 18 months of continuous creditable health coverage. To be HIPAA, you also must have used up any COBRA continuation coverage available to you; you must not be eligible for Medicare, Medicaid, or a group health plan; you must not have other health insurance; and you must apply for individual health insurance within 63 days of losing your prior creditable coverage. When you are buying an individual health insurance policy, HIPAA eligibility confers greater protections on you than you would otherwise have in Montana and in other states. See also COBRA, Continuous Coverage, Creditable Coverage.

**HMO.** Health maintenance organization. A kind of health insurance plan. HMOs usually limit coverage to care from doctors who work for or contract with the HMO. They generally do not require deductibles, but often do charge a small fee, called a copayment, for services like doctor visits or prescriptions. If you are covered under an HMO, the HMO might require an affiliation period before coverage begins. See also Affiliation Period.

**Individual Health Insurance Policy.** Policies for people not connected to an employer group. This term also refers to coverage purchased by the self-employed for themselves (or their family members) but for no other employees. Individual health insurance is regulated by Montana.

**Large Group Health Plan.** One with more than 50 eligible employees.

**Late Enrollment.** Enrollment in a health plan at a time other than the regular or a special enrollment period. Late enrollees can be subject to a longer pre-existing condition exclusion period. See also Special Enrollment Period.

**Look Back.** The maximum length of time, immediately prior to enrolling in a health plan, that can be examined for evidence of pre-existing conditions. The maximum look back permitted is different for individual and group health plans. See also Elimination Rider, Pre-existing Condition.

**Managed Care Plans.** A kind of health insurance plan. Like an HMO, managed care plans can limit coverage to health care provided by doctors or hospitals who work for or contract with them—also called "network" providers—and therefore may limit enrollment to those people who live within a particular coverage area. Managed care plans may require you to get permission (a "referral") from your family doctor before you get care from a specialist in their network. Some managed care plans will cover your care at a lower rate if you go to a non-network provider or if you get specialty care without a referral. See also HMO.

**Medicaid.** A program providing comprehensive health insurance coverage and other assistance to certain low-income Montanans. All other states have Medicaid programs, too, though eligibility levels and covered benefits will vary.

**MCHA.** Montana Comprehensive Health Association, the state-run program for people with high health risks (called a high risk pool). MCHA sells individual coverage to those who are HIPAA and to people with serious health conditions who cannot buy coverage from private health insurance companies.

**MT CHIP.** Montana Child Health Insurance Plan, a state-designed program that provides health coverage to low-income Montana children under the age of 19 who are not eligible for Medicaid and who have limited or no health insurance.

**Nondiscrimination.** A requirement that group health plans not discriminate against you based on your health status. Your coverage under a group health plan cannot be denied or restricted, nor can you be charged a higher premium, due to your health status. Group health plans can restrict your coverage based on other factors (such as part time employment) that are unrelated to health status. See also Group Health Plan, Health Status.

**Pension Benefit Guaranty Corporation (PBGC).** PBGC is a federal government corporation established by Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) to encourage the continuation and maintenance of defined benefit pension plans, provide timely and uninterrupted payment of pension benefits to participants and beneficiaries in plans covered by PBGC. It currently guarantees payment of basic pension benefits earned by American workers and retirees participating in private-sector defined benefit pension plans. The agency receives no funds from general tax revenues. Operations are financed largely by insurance premiums paid by companies that sponsor pension plans and by PBGC's investment returns.

**Pre-existing Condition (Group Health Plans).** Any condition (either physical or mental) for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period immediately preceding enrollment in a health plan. Pregnancy cannot be counted as a pre-existing condition. Genetic information about your likelihood of developing a disease or condition, without a diagnosis of that disease or condition, cannot be considered a pre-existing condition. Newborns, newly adopted children, and children placed for adoption covered within 30 days cannot be subject to pre-existing condition exclusions.

**Pre-existing Condition (MCHA).** Any condition for which medical advice, diagnosis, care or treatment was recommended or received within the 3-year period immediately preceding enrollment in a health plan. Pregnancy can be counted as a pre-existing condition by MCHA. No pre-existing condition exclusion periods can be applied if you are HIPAA eligible. See also HIPAA Eligible.

**Pre-existing Condition (Individual Health Insurance).** Any condition for which medical advice, diagnosis, care or treatment was recommended or received within the 3-year period immediately preceding enrollment in a health plan. In Montana, under individual health insurance policies, pregnancy can be counted as a pre-existing condition. No pre-existing condition exclusion periods can be applied if you are HIPAA eligible. See also HIPAA Eligible.

***Pre-existing Condition Exclusion Period.*** The time during which a health plan will not pay for covered care relating to a pre-existing condition. See also Pre-existing Condition.

***Self-Insured Group Health Plans.*** Plans set up by employers who set aside funds to pay their employees' health claims. Because employers often hire insurance companies to run these plans, they may look to you just like fully insured plans. Employers must disclose in your benefits information whether an insurer is responsible for funding, or for only administering the plan. If the insurer is only administering the plan, it is self-insured. Self-insured plans are regulated by the U.S. Department of Labor, not by Montana.

***Small Group Health Plans.*** Plans with at least 2 but not more than 50 eligible employees.

***Special Enrollment Period.*** A time, triggered by certain specific events, during which you and your dependents must be permitted to sign up for coverage under a group health plan. Employers and group health insurers must make such a period available to employees and their dependents when their family status changes or when their health insurance status changes. Special enrollment periods must last at least 30 or 60 days, depending on the qualifying event. Enrollment in a health plan during a special enrollment period is not considered late enrollment. See also Late Enrollment.

***State Continuation Coverage.*** A program similar to COBRA for small employers. Montana does not have a state continuation coverage law. See also COBRA.

***Stoploss.*** In health insurance policies, a limit on your out of pocket spending for covered services. After your spending on deductibles and co-insurance reaches the stoploss amount, the insurance policy generally will pay 100% of covered services for the remainder of the plan year.

***Supplemental Security Income (SSI).*** A program providing cash benefits to certain very low income disabled and elderly individuals. When you qualify for SSI, you generally also qualify for Medicaid. In addition, Medicaid coverage often continues for a limited time if your income increases so that you no longer qualify for SSI. See also Medicaid.

***Temporary Assistance for Needy Families (TANF).*** A program that provides cash benefits to low income families with children. When you qualify for TANF, you generally also qualify for Medicaid. In addition, Medicaid coverage often continues for a limited time or longer if you no longer qualify for TANF. See also Medicaid.

***Trade Adjustment Assistance (TAA) Program.*** A program authorized by the Trade Adjustment Assistance Reform Act of 2002. This program provides aid to workers who lose their job or whose hours of work and wages are reduced as a result of increased imports. The TAA Program offers six benefits and reemployment services to assist unemployed workers prepare for and obtain new suitable employment. In addition, TAA offers a significant tax credit that covers 80% of health insurance premiums for certain plans.

***U.S. Department of Labor.*** A department of the federal government that regulates employer provided health benefit plans. You may need to contact the Department of Labor if you are in a self-insured group health plan, or if you have questions about COBRA or the Family and Medical Leave Act. See also COBRA, Family and Medical Leave Act.

***Waiting Period.*** The time you may be required to work for an employer before you are eligible for health benefits. Not all employers require waiting periods. Waiting periods do not count as gaps in health insurance for purposes of determining whether coverage is continuous. If your employer requires a waiting period, your pre-existing condition exclusion period begins on the first day of the waiting period.