

**A CONSUMER'S GUIDE  
TO  
GETTING AND KEEPING HEALTH INSURANCE  
IN  
SOUTH CAROLINA  
By**

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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 SOUTH CAROLINA

As a South Carolina resident, you have rights under federal 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 South Carolina resident. Chapter 1 gives an overview of your protections. Chapters 2 and 3 explain your protections under group and individual health plans. 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 South Carolina, 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 35. For information about how to find consumer guides for other states on the Internet, see page 35. A list of helpful terms and their definitions begins on page 36. These terms are in **boldface type** the first time they appear.

<b>Contents</b>	
1. A summary of your protections .....	2
How am I protected? .....	2
What are the limits on my protections? .....	4
2. Your protections under group health plans.....	6
When does a group health plan have to let me in? .....	6
Can a group health plan limit my coverage for pre-existing conditions? .....	8
Limits to protections for certain government workers .....	11
As you are leaving group coverage... ..	12
3. Your protections when buying individual health insurance .....	13
Individual health insurance sold by private insurers .....	13
COBRA continuation coverage.....	16
Conversion .....	21
South Carolina Health Insurance Pool (SCHIP) .....	22
4. Your protections as a small employer or self-employed person .....	26
Do insurance companies have to sell me health insurance? .....	26
Can I be charged more because of my group’s health status? .....	26
What if I am self-employed?.....	27
A word about association plans .....	27
5. Financial Assistance.....	28
Medicaid .....	28
Partners for Healthy Children .....	30
Best Chance Network.....	30
Other state programs .....	31
The Federal Health Coverage Tax Credit (HCTC) .....	32
For more information.....	35
Helpful terms .....	36

# 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 policies**), so your protections may vary if you leave South Carolina. 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 South Carolina resident.

### HOW AM I PROTECTED?

In South Carolina, as in many other states, your health insurance options are somewhat dependent on your **health status**. Even if you are sick, 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 page 6).*
- *All group health plans in South Carolina 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 page 8).*
- *Your health insurance cannot be canceled because you get sick. Most health insurance is **guaranteed renewable** (see pages 15 and 22).*
- *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** or **state 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 page 16).*

- *If you lose your group health insurance and meet other qualifications, you will be **HIPAA eligible**.* If so, you can buy individual health coverage from the **South Carolina Health Insurance Pool (SCHIP)**. You will not face a new pre-existing condition exclusion period. There are limits on what you can be charged for a SCHIP policy (see page 22).
- *If you have had difficulty obtaining affordable individual health insurance because of your health condition, you may also be eligible for SCHIP coverage.* In this case you may face a new pre-existing condition exclusion period. There are limits on what you can be charged for a SCHIP policy (see page 24).
- *If you are a small employer buying a group health plan, you 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 health plans for small employers must be sold on a **guaranteed issue** basis (see page 26).
- *If you are a small employer buying a group health plan then your premiums can vary due to health status, age, industry, or other characteristics.* There are limits on what you can be charged based on these factors (see page 26).
- *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 South Carolina **Medicaid** program offers free or subsidized health coverage for pregnant women, families with children, elderly and disabled individuals with very low incomes (see page 28).
- *If your children are 18 years old or younger, do not have health insurance and meet other qualifications, you may be able to buy insurance for them through South Carolina's **Partners for Healthy Children Program*** (see page 30).
- *If you believe that you may be at risk for cancer, you may be eligible for free screening and treatment.* The **Best Chance Network (BCN)** 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 South Carolina Medicaid program (see page 31).
- *If you are a woman who has been diagnosed with breast or cervical cancer outside of the Best Chance Network, you may be eligible for free treatment through South Carolina Medicaid* (see page 31).

- *If you lost your health insurance 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 is equal to 65% of the cost of qualified coverage, including COBRA and health insurance offered through the South Carolina Health Insurance Pool (SCHIP) (see page 32).*
- *If you are a retiree aged 55-65 and are receiving benefits from **Pension Benefit Guarantee Corporation (PBGC)**, then you may be eligible for the HCTC (see page 32).*

## 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, unless you exercise your federal COBRA or state continuation rights. You are not entitled to take your actual group health coverage 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 page 6).*
- *If you change jobs, your new employer may not offer you health benefits. If your employer offers health benefits then the decision on whether to offer you health insurance cannot be based on factors related to your health status (see page 6).*
- *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 page 7).*
- *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 8).*
- *Even if your coverage is **continuous coverage**, there may be a pre-existing condition exclusion period for some benefits if you join a group health plan that covers 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 page 10).*

- *If you work for certain non-federal public employers in South Carolina, not all of the group health plan protections may apply to you (see page 11).*
- *In South Carolina, your access to individual health insurance may depend on your health status. Private insurers are not prohibited from turning you down, charging more, or limiting coverage because of pre-existing conditions (see page 13).*
- *Even if you are HIPAA eligible, you can be turned down for individual health insurance policies. SCHIP coverage is your only guaranteed access to individual health insurance, though you may be able to buy individual health insurance from other insurance companies (see page 13).*
- *If you apply for SCHIP coverage and are not HIPAA eligible, you may face a pre-existing condition exclusion period (see page 24).*
- *Once you obtain coverage, your ability to switch plans may be limited as well. While you have protections when you move from an individual policy to a group plan, South Carolina law does not protect you from the imposition of pre-existing condition exclusions when you move from one individual policy to another, even if you had prior continuous coverage. However, you are assured the right to buy another individual policy from the same insurer, provided that the new plan is a policy of equal or lesser benefits (see page 15).*
- *The law does not limit what you can be charged for individual health policies. You can be charged substantially higher premiums because of your health status, age, gender, and other characteristics (see page 15).*
- *If you are a small employer buying a group health plan policy, you can be charged more, within limits, due to the health status of those in your group (see page 26).*

## 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. 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?

- *In general, you have to be eligible for the group health plan.* For example, your employer may not give health benefits to all 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 (for example, if you work less than 30 hours per week or only on a temporary basis), as long as these are unrelated to health status and applied consistently.

#### Discrimination due to health status is not permitted

The Acme Company has 200 employees and 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 contract, 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, 31-day opportunity to enroll in your group health plan after certain events. You can elect coverage at this time. If your group 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 special enrollment opportunity**

- The birth, adoption, or placement for adoption of a child
- Marriage
- 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)

- *Some group health plans are not required to accept late enrollees.* If you enroll late in a group health plan (after you were hired and not during a regular or **special enrollment period**) the rules are different depending on if the plan is a **small group health insurance policy** or a **large group health plan**.

A large group health plan does not have to accept a late enrollee and can exclude that late enrollee forever. However, South Carolina requires small group insured health plans to accept late enrollees after no more than an 18-month exclusionary period.

- *Under South Carolina law, newborns and adopted children are automatically covered under the parents' fully insured health plan for the first 31 days, if the plan covers dependents.* The insurer may require that the parent enroll the child and pay the required 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 fully insured 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 within 31 days of reaching the time limit and may be required periodically thereafter.
- *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. You will not have health insurance coverage during this time.
- *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. The HMO also cannot impose any pre-existing condition exclusions if it imposes an affiliation period. 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 coverage for a limited time. A federal law known as the **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 the 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 the FMLA, contact the **U.S. Department of Labor**.

### **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 within the 6 months 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, newly adopted children, children placed for adoption, or genetic information.*

- *Group health plans can exclude coverage for pre-existing conditions only for a limited time.* The maximum period is 12 months. However, fully insured group health plans may only exclude a condition for up to 12 months from the last date of treatment for the condition subject to the pre-existing condition period. For example, you last received medical care for a heart condition in November, in January you enroll in a new fully insured group health plan. The fully insured group health plan can only impose a 10 month pre-existing condition exclusion period.

However, if you enroll late in a group health plan (after you were hired and not during a regular or special enrollment period) the rules are different depending on if the plan is a small group health insurance policy or a large group health plan.

A large group plan which accepts a late enrollee can apply a pre-existing condition exclusion for no longer than 18 months. However, small group insurance policies can make late enrollees wait up to 18 months to enroll or impose an 18 month pre-existing condition period, or require a combination of delayed enrollment plus a pre-existing condition period not to exceed 18 months.

- *Group health plans that impose pre-existing condition exclusion periods must give you credit for any previous continuous **creditable coverage**. Most types of private and government sponsored health coverage are considered creditable coverage.*

Coverage counts as continuous if it is not interrupted by a break of 63 days or more in a row.

<p><b>What is creditable coverage?</b></p> <p>Most health insurance counts as creditable coverage, including:</p> <table> <tr> <td>Children’s Health Insurance Program</td> <td>Medicare</td> </tr> <tr> <td>Federal Employees Health Benefits (FEHBP)</td> <td>Military health coverage (CHAMPUS, TRICARE)</td> </tr> <tr> <td>Foreign National Coverage</td> <td>State high-risk pools</td> </tr> <tr> <td>Group health plan (including COBRA)</td> <td>Student health insurance</td> </tr> <tr> <td>Indian Health Service</td> <td>VA coverage</td> </tr> <tr> <td>Individual health insurance</td> <td></td> </tr> <tr> <td>Medicaid</td> <td></td> </tr> </table> <p>In most cases, you should get a <b>certificate of creditable coverage</b> 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.</p>		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	
Children’s Health Insurance Program	Medicare														
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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 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 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 one 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 group plan does cover prescription drugs. However, because her prior policy did not, the new plan refuses to cover her blood pressure medicine for 6 months.

**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 large number of public employers in South Carolina 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 coverage, 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 and state continuation coverage, **conversion coverage**, and individual health insurance coverage for “HIPAA eligible individuals.”*
- *If you lost your health insurance 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 is equal to 65% of the cost of qualified coverage, including COBRA and health insurance offered through the South Carolina Health Insurance Pool (SCHIP) (see page 32).*
- *If you are a retiree aged 55-65 and are receiving benefits from **Pension Benefit Guarantee Corporation (PBGC)**, then you may be eligible for the HCTC (see page 32).*

## **CHAPTER 3**

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

If you do not have access to employer-sponsored group insurance, you may want to buy an individual health insurance policy from a private health insurer. However, in South Carolina – as in most other states – you have limited guaranteed access to individual health insurance. There are some alternatives to individual health insurance – such as COBRA coverage and SCHIP coverage. This chapter summarizes your protections under different kinds of individual health plan coverage.

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

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

In South Carolina, your ability to buy individual health insurance may depend on your health status.

- *In general, companies that sell individual health insurance in South Carolina are free to turn you down because of your health status and other factors. When applying for individual coverage, 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.*
- *If you have trouble buying private health insurance due to your health status, you may be eligible for SCHIP coverage (see page 22).*
- *Under South Carolina law, newborns and adopted children are automatically covered under the parents' individual health insurance policy for the first 31 days, if the plan covers dependents. The insurer may require that the parent enroll the child and pay the required 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 policy 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 within 31 days of reaching the time limit and may be required periodically thereafter.*

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

- *It depends on what you buy.* South Carolina does not require health insurers in the individual market to sell standardized policies. Health plans can design different policies and you will have to read and compare them carefully. However, South Carolina does require all health plans to cover certain mandated benefits, such as mammograms and diabetes treatment. Check with the South Carolina Insurance Department 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.
- *South Carolina insurers can also impose a pre-existing condition exclusion period.* The definition of pre-existing condition varies by type of individual health insurance you purchase.
- *HMOs can count as pre-existing any condition for which medical advice, treatment or diagnosis was actually received or recommended during the 12-month period immediately before you enrolled.* This is called the objective standard. Pre-existing condition periods in HMO individual health plans can be no longer than 12 months.
- *If you apply for a non-HMO individual health insurance policy, the rules regarding pre-existing conditions depend on the kind of form you complete when you apply for the policy.* There are two types of forms that non-HMO insurers can use. One, a comprehensive form, will ask you detailed questions regarding your medical history. The other, a simplified form, will ask minimal questions regarding your medical history. The insurer selling the policy decides which form it will use at the time you apply.

If the insurer uses a comprehensive form, then it can refuse to cover any condition that you disclose for the first 24 months, or it can impose an **elimination rider**, which is an amendment to your health insurance contract that permanently excludes coverage for a health condition, body part, or body system.

In addition, if you make a claim during the first 2 years your policy is in force, the insurer can refuse to pay that claim and others related to the condition if it determines the condition was pre-existing. Pre-existing conditions include those that were not previously diagnosed, but caused symptoms for which most people would have sought care. This is called the prudent person rule.

If the individual insurer used a simplified form when you applied for insurance then a different set of rules apply. Contact the South Carolina Insurance Department for more information.

- *In South Carolina, all individual insurers can consider pregnancy a pre-existing condition.* Genetic information cannot be considered a pre-existing condition.
- *Individual insurers do not have to give credit for your prior coverage, unlike group health plans and SCHIP coverage.* However, if you move from one individual market policy to another, you are assured the right to buy another individual policy from the same insurer, provided that the new plan is a policy of equal or lesser benefits.

### ***WHAT CAN I BE CHARGED FOR MY 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 South Carolina health insurers from charging you more because of your health status, age, gender, and other case characteristics. The South Carolina Insurance Department does check premiums for reasonableness in general.
- *When you renew your individual coverage, your premiums can increase as your age increases.*

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

- *Your coverage cannot be canceled because you get sick.* This is called **guaranteed renewability**. 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.
- *Some insurance companies sell temporary health insurance policies.* Temporary policies are *not* guaranteed renewable. They will only cover you for a limited time, such as 6 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 or state continuation coverage. The information presented below was taken from publications prepared by the U.S. Department of Labor. You should contact the department 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. If you work for an employer with 2-19 employees, you may qualify for state continuation coverage (see below).

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 coverage.

### **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 as well.*
- *To qualify as HIPAA eligible, you must choose and use up any COBRA or state continuation coverage available to you.*
- *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 65% of their premiums.*
- *For some laid off workers, TAA benefits begin after the 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.*

### **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 health insurance 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 is equal to 65% of the cost of qualified coverage, including COBRA and coverage offered through the South Carolina Health Insurance Pool (SCHIP) (see page 32).
- *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 page 32).

### **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 determination of disability 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

\* Certain disabled persons and their eligible family members can extend coverage an additional 11 months, for a total of up to 29 months.

- *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.*

### **WHAT ABOUT SOUTH CAROLINA CONTINUATION COVERAGE?**

- *If your employer offers a fully insured group health plan, you may also be eligible for continuation coverage, which allows you to extend your coverage for up to 6 months.*

- *To be eligible, you must meet certain criteria.* You must have been continuously covered under the group policy for 6 months and termination of your prior group plan must have occurred for a reason other than nonpayment of your required contribution. In addition, you must not be eligible for Federal COBRA continuation coverage, similar group coverage or Medicare benefits.
- *If you qualify for this longer extended coverage, you can keep it even if you join a new health plan.* This can help you if your new plan imposes a pre-existing condition period. Ask your employer or the South Carolina Department of Insurance about state continuation coverage if you think it applies to you.

## CONVERSION COVERAGE

If you lose coverage under a fully insured group health plan in South Carolina and meet other requirements, you are guaranteed the right to buy a conversion policy. This is an individual health policy sold by the insurance company that covered your former group.

### ***WHEN AM I ELIGIBLE FOR A CONVERSION POLICY?***

- *In South Carolina, if you are recently divorced and have coverage through your former spouse's fully insured group health plan, you are eligible to buy conversion coverage.* This is a policy you get from the company that insured your previous group plan. To qualify, you must apply within 60 days of the divorce decree.
- *In addition, if you are a dependent child and have recently aged off your parent's group plan, you are eligible to buy conversion coverage.* To qualify, you must apply within 30 days of the date of termination of your prior coverage.
- *HMO enrollees who lose individual health insurance are also eligible for conversion coverage.*

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

- *Insurers are required to sell you the policy they offer that is most similar to your terminated policy.* Even so, covered benefits might not be the same as under your prior group policy.

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

- *Conversion coverage cannot impose new probationary or waiting periods. However, you might have to satisfy the unexpired portion of any pre-existing condition exclusion period from your former health plan.*

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

- *In South Carolina, generally there are no limits on how much conversion coverage premiums can vary due to age, gender, health status, family size, and other factors.*

### **CAN CONVERSION COVERAGE BE CANCELED?**

- *Your conversion coverage cannot be canceled because you get sick. This is called guaranteed renewability. 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.*

## **SOUTH CAROLINA HEALTH INSURANCE POOL (SCHIP)**

South Carolina maintains a high-risk pool, called the South Carolina Health Insurance Pool or SCHIP, to provide insurance for residents of South Carolina with health conditions who are unable to buy private health insurance and for people who are HIPAA eligible and TAA eligible.

### **WHEN CAN I GET HEALTH INSURANCE FROM SCHIP?**

- *If you are HIPAA eligible, you can buy health insurance from the South Carolina Health Insurance Pool (SCHIP).*
- *If you are eligible for the federal health coverage tax credit (HCTC), you can buy health insurance from the South Carolina Health Insurance Pool (SCHIP).*
- *If you are not HIPAA eligible or eligible for HCTC, you can buy coverage from SCHIP if you have been a resident of South Carolina for at least 30 days and can demonstrate proof of eligibility. There are several different ways to show eligibility:*
  - *You have been turned down for coverage by at least one insurance company because of a health condition;*

- You are unable to find private coverage insurance that is cheaper than 150% of the cost of SCHIP health insurance;
- You have been offered individual health insurance, but it contains a coverage reduction or exclusion for a pre-existing condition that exceeds 12 months.

You only need to show that you are eligible in one of these ways in order to get SCHIP coverage

**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 period. In South Carolina, you are only guaranteed the right to buy SCHIP coverage. 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 or state continuation coverage 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 as 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.

Federal eligibility ends when you enroll in an individual plan, 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.

- *SCHIP does not offer family coverage.* Each member of your family will have to qualify on his or her own.

***WHAT WILL HEALTH INSURANCE FROM SCHIP COVER?***

- *Health insurance purchased through SCHIP includes hospital and physician care, prescription drugs, maternity care, and other services.* Total coverage is subject to a lifetime maximum of \$1,000,000.

- *SCHIP offers two cost sharing options. Under the 80/80 cost sharing option, the plan pays 80% of all in-network and out-of-network care with a \$1,500 out-of-pocket maximum. Under the 80/60 cost sharing option, the plan pays 80% of in-network care with a \$2,000 out-of-pocket maximum and 60% of out-of-network care with a \$7,000 out-of-pocket maximum.*
- *Each cost sharing option requires a \$500 deductible.*

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

- *If you are HIPAA eligible, you will not have a pre-existing condition exclusion when you enroll in the SCHIP.*
- *If you are not HIPAA eligible, you may have a 6-month pre-existing condition exclusion period when you first enroll in the SCHIP. When you enroll, SCHIP will look back 6 months to see if you had a condition for which you actually received a diagnosis, medical advice, or treatment- or for which most people would have sought-a diagnosis, medical advice, or treatment. Pregnancy can be considered a pre-existing condition.*
- *In limited situations, SCHIP will waive the pre-existing condition period if you had continuous coverage under another health plan.*

If you satisfied similar exclusions under prior health insurance and 1) your previous health coverage was involuntarily terminated and you have no break in coverage; or 2) if the premium for your previous comparable health insurance was greater than 150% than the pool rate, then your prior coverage will count to waive the pre-existing condition exclusion period.

If you are eligible for SCHIP because you are eligible for the federal health coverage tax credit (HCTC) and you maintained 3 months of creditable coverage prior to applying, then you will not have a pre-existing condition exclusion period when you enroll in SCHIP.

### **WHAT CAN I BE CHARGED FOR HEALTH INSURANCE PURCHASED THROUGH SCHIP?**

- *SCHIP premiums are limited to about twice the amount that a healthy person would pay if he or she bought a similar plan sold by a private insurer. Premiums will vary based on your age, gender, and the cost sharing option that you choose.*

For example, the monthly premium for a 24 year old single man ranges from \$347 to \$438, depending on the cost sharing option he chooses. By contrast, the monthly premium for a 64 year old single man ranges from \$1,322 to \$1,668, depending on the cost sharing option he chooses.

- *People who qualify for SCHIP because they were offered private coverage that costs more than 150% of the SCHIP premium must pay an additional 25% for the first six months.*

#### ***HOW LONG DOES HEALTH INSURANCE FROM SCHIP LAST?***

- *SCHIP policies are renewable as long as you pay your premiums, continue to reside in South Carolina at least six months of each calendar year, 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. South Carolina 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 South Carolina Insurance Department 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, health insurance companies must sell you any **small group health insurance policy** they sell to other small employers. However, they 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 employees, your group can be turned down.
- *Your insurance cannot be canceled because someone in your group becomes sick.* 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?

- *South Carolina law limits how much small employers can be charged for health insurance.* Within limits, premiums for small group health insurance policies can vary based on health status, age, industry, and other characteristics of those in your group. Even within these limits, however, premiums can be significantly higher if someone in your group has a serious health condition. If you have 51 or more eligible employees, there are no limits on premium variations. Check with the South

Carolina Insurance Department if you have any questions about your group plan premiums.

- *For small employers, South Carolina places some limits on annual increases that can be charged.*

#### **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 your spouse is considered an employee, then you may be considered a small group for the purpose of purchasing health insurance. (See above).*
- *If you are self-employed and buy your own health insurance, you may be 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 South Carolina Insurance Department about your protections in association health plans.*

## CHAPTER 5

# FINANCIAL ASSISTANCE

Help is available to certain low-income residents of South Carolina who cannot afford to buy health insurance. Medicaid and the South Carolina Partners for Healthy Children Program offer free or subsidized health insurance coverage, direct medical services or other help. 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 South Carolina residents. Medicaid covers families with children and pregnant women, 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 however, questions concerning immigration status and eligibility should be directed to the South Carolina Department of Health and Human Services.

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

In South Carolina, you may be eligible for Medicaid if you are an infant, a child, pregnant, the parent of a dependent child, elderly, or disabled 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 South Carolina Department of Health and Human Services for more information.

### Low income persons eligible for Medicaid in South Carolina\*

<u>Category</u>	<u>Income eligibility</u> (as percent of federal poverty level)
Infant	185% (monthly income of about \$2,647 for family of 3)
Child 1-19	150% (monthly income of about \$2,146 for family of 3)
Parents	
Non-Working	48%
Working Parents	97%
Pregnant woman	185%

\* Eligibility information was compiled from *State Health Facts Online*, the Henry J. 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 (FPL), use the federal poverty guideline issued by the U.S. Department of Health and Human Services for the year 2007:

<u>Size of Family Unit</u>	<u>Poverty Guideline (annual income)</u>
1	\$10,210
2	\$13,690
3	\$17,170

For larger families add \$3,480 for each additional person

So, for example, using this guideline, 185% of the federal poverty level for a family of 3 would be an annual income of \$31,765 or a monthly income of about \$2,647.

- *Parents who receive benefits under **Temporary Assistance for Needy Families (TANF)** (also called **Family Independence**) should also know that when you get a job and your TANF benefits end, you generally can stay on Medicaid for a 24-month transitional period.*

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

- *Poor elderly or disabled people who get **Supplemental Security Income (SSI)** benefits are automatically eligible 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.

- *Retired or disabled people 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 above 100% but 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.

- *If you are uninsured and screened and diagnosed with breast or cervical cancer by the Best Chance Network, you may be eligible for full Medicaid benefits.* In addition, you may also be eligible for Medicaid benefits if you have been diagnosed with breast or cervical cancer outside of the Best Change Network (see below).
- *There may be other ways that Medicaid can help.* To find out if you or other members of your family qualify for Medicaid, contact the South Carolina Department of Health and Human Services.

To obtain the locations and telephone numbers of South Carolina Department of Health and Human Services eligibility staff located at a branch office near you, call (888)-549-0820.

## **PARTNERS FOR HEALTHY CHILDREN PROGRAM**

The **Partners for Healthy Children** program is a health insurance program that provides health coverage to low-income families with children under the age of 19 who are not eligible for Medicaid and who are uninsured.

- *A child whose family has a household income at or below 150% of the federal poverty level (FPL) is eligible for the Partners for Healthy Children program.* For a family of three, this works out to an annual income of \$25,755, or a monthly income of \$2,146.

- *The Partners for Healthy Children program does not impose a pre-existing condition exclusion period. If a family meets the eligibility guidelines, an applications pre-existing medical condition does not exclude him or her from coverage.*
- *Benefits include doctor visits, hospital and emergency services, well-child care, prescription coverage, vision, hearing and mental health services.*
- *For more information, contact the Partners for Healthy Children program at (888) 549-0820 or visit them on the web at <http://www.dhhs.state.sc.us/dhhsnew/programs.asp>.*

### **THE BEST CHANCE NETWORK**

- *The Best Chance Network provides qualified women with breast and cervical cancer screening at no cost. Women who are screened through the program and diagnosed with breast and/or cervical cancer may be eligible for treatment through Medicaid.*
- *In order to be eligible for screening through the Best Chance Network program, you must be a South Carolina resident between the ages of 47 and 65. In addition, you must meet income eligibility standards, and be uninsured or underinsured.*
- *If you are a woman who has been diagnosed with breast or cervical cancer outside of the Best Chance Network, you may be eligible for free treatment through South Carolina Medicaid. For more information, contact the South Carolina Department of Health and Human Services at 1-888-549-0820.*
- *For more information about BCN, call the Best Chance Network at (888)463-8942 or visit them on the web at <http://www.scdhec.gov/health/chcdp/cancer/bcn.htm>.*

### **OTHER STATE PROGRAMS**

There may be other financial assistance programs available. Please contact the South Carolina Department of Health and Human Services at (888) 549-0820 or <http://www.dhhs.state.sc.us/dhhsnew/index.asp>.

## 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 65% 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 meet other requirements. Specifically, you are not eligible for the HCTC if any of the following apply to you:*
  - *You have a health plan maintained by an employer or former employer that pays at least 50% of the cost of your coverage. Any share of your premium that is paid by you or your spouse on a pre-tax basis is considered to have been paid by your employer and must be included as such when determining the percentage of employer coverage.*
  - *You are enrolled in Medicare (Part A or B).*
  - *You are enrolled in the Federal Employees Health Benefits Program (FEHBP), Medicaid, or State Children's Health Insurance Program (SCHIP).*
  - *You are entitled to health coverage through the U.S. military health system (Tricare/CHAMPUS).*
  - *You can be claimed as a dependent on someone else's federal tax return.*
  - *You received a lump sum payment of your entire PBGC benefit before August 6, 2002.*
  - *As of the first day of the current month in which you are otherwise eligible, you are imprisoned under a federal, state or local authority.*

- *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 PREMIUM WILL THE TAX CREDIT COVER?***

- *The HCTC is equal to 65% 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. Qualified health coverage includes:*
  - *COBRA continuation coverage, as long as your employer or former employer contributes less than 50% of the total health plan premium. (See Chapter 3 for COBRA and state continuation coverage.)*
  - *State qualified plans: In South Carolina, the South Carolina Health Insurance Pool (SCHIP) offers “qualified health coverage”.*
  - *Individual health insurance in which you were enrolled for at least the last 30 days before you were separated from the job that makes you eligible for TAA benefits or for payments from the PBGC.*
  - *Your husband’s or wife’s insurance from work, as long as the employer contributes less than 50% of the total health plan premium. (At this time, you can only claim the credit with this type of coverage when you file your federal tax return and not in advance.)*

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

- *You can claim the HCTC on your tax return and be reimbursed for 65% 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 1-866-628-HCTC (1-866-628-4282), Monday through Friday between the hours of 7 am and 7 pm, Central time. TDD/TYY callers, please call 1-866-626-HCTC (1-866-626-4282).*
- *You will have to fill out a registration form verifying your eligibility for the HCTC and your enrollment in qualified coverage. You will also fill out a payment invoice. Each month, you will send the HCTC program your 35% share of the premium for qualified coverage. The HCTC program will combine this payment with the tax credit covering the other 65% of the premium and forward the entire payment to your qualified health plan.*
- *You must register in advance to have the HCTC paid directly to your health plan each month. Usually, the direct payments won't begin until at least a month after you register with the HCTC program. Call the HCTC customer service center for more information.*

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

- *For more information about the HCTC, contact the HCTC customer service center at 1-866-628-HCTC, or see the IRS website at <http://www.irs.gov/individuals/index.html> (click on HCTC)*
- *For more information about TAA benefits contact, <http://www.doleta.gov/tradeact/>.*
- *For more information about PBGC, contact, <http://www.pbgc.gov> or call 1-202-326-4000 with general inquiries.*

## 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 insurance	<i>South Carolina Insurance Department</i> (800)-768-3467 or (803) 737-6180 <a href="http://www.state.sc.us/doi/">http://www.state.sc.us/doi/</a>
Self-insured group health plans COBRA continuation coverage Family and Medical Leave Act	<i>U.S. Labor Department of Labor Employee Benefits Administrator Employee &amp; Employer Assistance Hotline and Publications</i> (800) 828-4777 (608) 221-4551 <a href="http://www.dol.gov/ebsa">http://www.dol.gov/ebsa</a>
South Carolina Health Insurance Pool (SCHIP)	<i>Blue Cross and Blue Shield</i> (SCHIP administrator) (800) 868-2500
Medicaid and Partners for Healthy Children (Medicaid for Children) and Other State Programs	<i>South Carolina Department of Health and Human Services</i> (888) 549-0820 <a href="http://www.dhhs.state.sc.us/Programs/default.htm">http://www.dhhs.state.sc.us/Programs/default.htm</a>
Best Chance Network	<i>South Carolina Department of Health Environmental Control</i> (800) 227-2345 <a href="http://www.scdhec.net/hs/comhlth/cancer/bcn.htm">http://www.scdhec.net/hs/comhlth/cancer/bcn.htm</a>
The Federal Health Coverage Tax Credit (HCTC)	<i>Internal Revenue Service (IRS)</i> (866) 628-HCTC <a href="http://www.irs.gov/individuals/index.html">http://www.irs.gov/individuals/index.html</a> (Click on HCTC); or call HCTC customer service center

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. 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 worker 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.

***Best Chance Network.*** The Best Chance Network is a program that provides free screening for breast and cervical cancer to eligible South Carolina residents. Eligible women diagnosed with breast or cervical cancer may be eligible for free health coverage through Medicaid for treatment of their condition.

***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.*** Under federal rules, health insurance coverage that is not interrupted by a break of 63 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. Federal rules apply to you in self-insured group health plans. See also Creditable Coverage, HIPAA eligible.

**Conversion.** Your right in South Carolina, when losing fully insured group health coverage due to divorce or when your HMO coverage is terminated for any reason other than non payment, to convert your policy to an individual health plan. While conversion policies must offer coverage similar to your former group plan, they can be significantly more expensive.

**Creditable Coverage.** Health insurance coverage under any of the following: a group health plan; an individual health plan; 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; or a state Health Insurance High Risk Pool. See also Continuous Coverage, Group Health Plan.

**Elimination Rider.** A feature permitted in individual health plans that permanently exclude coverage for a health condition, body part, or body system.

**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.

**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.** Health insurance purchased by an employer from an insurance company. Fully insured health plans are regulated by South Carolina Department of Health Insurance. See also Self-Insured Group Health Plans.

**Genetic Information.** Includes information about family history or genetic test results indicating your risk of developing a health condition. A group health plan cannot consider pre-existing (and therefore exclude coverage for) a condition about which you have genetic information, unless that health condition has been diagnosed by a health professional.

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

***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. All health plans sold to small employers with 2 to 50 employees in South Carolina are guaranteed issue. HIPAA eligible persons are guaranteed issue of SCHIP coverage. Plans that are guaranteed issue can turn you away for other reasons.

***Guaranteed Renewability.*** A feature in health plans that means your coverage cannot be canceled because you get sick. HIPAA requires all health plans to be guaranteed renewable. Your coverage can be canceled for other reasons unrelated to your health status.

***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 credit, you must be 1) receiving Trade Readjustment Allowance (TRA) benefits 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 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, sometimes known as Kassebaum-Kennedy, after the two senators who spearheaded the bill. Passed in 1996 to help people buy and keep health insurance, even when they have serious health conditions, the law sets a national floor for health insurance reforms. Since states can and have modified and expanded upon these provisions, 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 eligible, you also must have used up any COBRA or state continuation coverage; you must not be eligible for Medicare or Medicaid; you must not have other health insurance; and you must apply for individual health insurance within 63 days of losing your prior creditable coverage. No matter where you live in the U.S., if you are HIPAA eligible you must be offered at least some type of individual health plan with no pre-existing condition periods. Federal eligibility gives you greater protections that you would otherwise have as an High Risk Pool enrollee. See also Health Insurance High Risk Pool, COBRA, Continuous Coverage, Creditable Coverage.

**HMO.** Health maintenance organization. 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.

**Indemnity.** A kind of health plan that reimburses you or your health care provider on the basis of services rendered. Indemnity plans generally do not restrict you to a limited network of providers for covered care. However, indemnity plans often impose other restrictions on covered services. For example, plans can require prior authorization of hospital care or other expensive services.

**Individual Health Insurance.** Policies for people not connected to an employer group. This term also refers to coverage purchased by self-employed persons who have no other employees. Individual health plans are regulated by South Carolina Department of Insurance.

**Kassebaum-Kennedy.** See HIPAA.

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

**Late Enrollment.** Enrollment in a health plan at a time other than the regular or a special enrollment period. Large group plans can completely exclude a late enrollee from enrolling in the plan. However, if you are accepted as a late enrollee, you may 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. See also Pre-existing Condition.

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

***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, because of 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.

***Partners for Healthy Children Program.*** The South Carolina Medicaid program for low income children under the age of 19.

***Pre-existing Condition (Group Health Insurance).*** 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 if you are joining a group plan or if you are HIPAA eligible. 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.

***Pre-existing Condition (SCHIP).*** Any condition for which medical advice, diagnosis, care or treatment was recommended or received within the 6-month period immediately preceding enrollment in a health plan, or for which an ordinarily prudent person would have sought medical advice, care or treatment. Pregnancy can be counted as a pre-existing condition by SCHIP. Genetic information can also trigger a pre-existing condition exclusion under this plan. See also Prudent Person Rule.

***Pre-existing Condition (Individual Health Insurance).*** In HMO plans, any condition for which medical advice, diagnosis, care or treatment was actually recommended or received within the 12-month period prior to enrollment. In regards to non-HMO policies, insurers that do not ask you specific medical questions when you apply or enroll for coverage, any condition for which medical advice, diagnosis, care or treatment was recommended or received within the last five years, or for which an ordinarily prudent person would have sought medical advice, care or treatment within the last year. For the same insurers that do ask you for a comprehensive past medical history when you apply or enroll for coverage, any condition that you disclosed in response to the medical questions. Conditions that you misrepresented or did not reveal on the application can be considered pre-existing conditions by these individual insurers. Finally, in South Carolina, all individual health insurers can count pregnancy as a pre-existing condition. However, genetic information cannot trigger a pre-existing condition exclusion in individual health insurance. See also HMO, Individual Health Insurance.

***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 South Carolina Department of Insurance.

***Small Group Health Insurance Policies.*** Policies with at least 2 but not more than 50 employees.

***South Carolina Health Insurance Pool. (SCHIP)*** The state-run insurance program for HIPAA eligible persons and for people with high health risks (called a high risk pool).

***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 31 days. Enrollment in a health plan during a special enrollment period is not considered late enrollment. See also Late Enrollment.

***State Continuation Coverage.*** A state program similar to COBRA, which allows people to remain in their former group coverage for a limited time. See also COBRA.

***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.

***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 65% 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. See also Pre-existing Condition Exclusion Period.