

Alabama

Alabama Department of Insurance
135 South Union Street
Montgomery, AL 36130
(334) 269-3550

Summary of Important Regulations

MEWA Regulations	No
TPA Regulations	No
Stop-Loss Regulations	No
UR Regulations	Yes ¹

NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Health Insurance Reserves Model Regulation	Ala. Ins. Dept. Reg. No. 84	Ala. Code § 27-36-1 to 27-36-5
Comprehensive Health Ins. Cost Containment Model Act	None	None
Standardized Health Claims Form Model Regulation	None	Ala. Code § 27-1-16
Small Employer Health Insurance Availability Model Law	Ala. Ins. Dept. Reg. 116	Ala. Code §§ 27-52-1 to 27-52-30
Model Regulation To Eliminate Unfair Sex Discrimination	None	None
Health Information Privacy Model Law	None	None
Preferred Provider Arrangements Model Law	None	None
Utilization Review Model Law	None	None
Managed Care Plan Network Adequacy Model Law	None	Ala. St. Bd. of Health Rules § 420-5-6-.06
Third Party Administrator Law	None	None

Health Examination Benefits Availability Law	None	None
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NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Accident and Sickness Insurance Minimum Standards Model Law	None	None
Agents and Brokers Licensing Model Law	None	Ala. Code §§ 27-7-1 to 27-7-38
MEWA Licensing Model Law	None	None
Managing General Agents Law	Ala. Code §§ 27-6A-1 to 27-6A-8	Ala. Ins. Dept. Reg. 106
Health Maintenance Organization Model Law	Ala. Code §§ 27-21A-1 to 27-21A-32	None
Insurance Information and Privacy Protection Law	None	None
Unfair Trade Practices Law	None	Ala. Code §§ 27-12-1 to 27-12-24
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Physical or Mental Impairment	None	None
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Total or Partial Blindness	Ala. Ins. Dept. Reg. 74	None

NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Unfair Discrimination against Subjects of Domestic Abuse in Health Benefit Plans Model Law	None	None
Unfair Claims Settlement Practices Law	None	None
Improper Termination Practices Law	None	None
Employee Leasing Registration Model Law	None	None
Private Employer Workers' Compensation Group Self- Insurance Model Law	None	None
Public Employee Workers' Compensation Group Self- Insurance Model Law	None	None
Twenty Four Hour Coverage Pilot Project Model Law	None	None

State-Mandates

Benefits That Must Be Covered

- Breast reconstruction
- Drug abuse treatment
- Mammography screening
- Minimum maternity stays
- Off-label drug use

Benefits That Must Be Offered

- Alcoholism treatment

Persons Who Must Be Allowed Coverage

- Newborns

Providers Who Must Be Covered

- Chiropractor
- Dentist
- Dental hygienist
- Nurse-anesthetist
- Optometrist
- Physician assistant
- Podiatrist
- Psychologist

Coordination of Benefits

- | | |
|----------------------------|-----|
| • Birthday Rule? | Yes |
| • Divorced/Separated Rule? | Yes |
| • Joint Custody Rule? | No |
| • Active v. Inactive Rule? | Yes |
| • Longer v. Shorter Rule? | Yes |
| • Managed Care Rule? | No |
| • COBRA Rule? | No |
| • Preservation Rule? | Yes |

Continuation or Conversion

None

Patient's Bill of Rights Legislation

None

High Risk Health Pool

Yes - premium cap of 2x

External Grievance System

No

Prompt Payment Health Claim Requirement

Yes

- 25 working days to providers
- 45 working days to consumers for regular claims and 30 working days for clean EDI claims
- Penalties are interest and fines up to \$1,000 per day but not to exceed \$100,000 per violation in total.

Commentary

Treatment of sickle cell anemia is mandated.²

Fully insured plans and Blue Cross must provide coverage for the formulas necessary to treat phenylketonuria, a disease that may cause mental retardation.³ In addition, the insurers and service corporations may not refuse coverage based on a preexisting condition of phenylketonuria or require a higher deductible or copayment.

Enrollment may not be denied just because covered person is eligible for Medicaid.

Alabama prohibits insurers from requiring participants or subscribers to use specifically designated pharmacies. Also, Alabama allows any pharmacist willing to accept the terms and condition of participation the right to participate as a contracting provider for a health policy or plan. Law does not apply to Blue Cross plans.

Alcoholism: inpatient 30-day minimum; 21 days in short-term or residential program; 31 days for outpatient treatment. Mandatory.⁴

Psychiatrist and psychologist should be reimbursed as other providers for services; however, insurance companies do not need to include mental health treatment in policies. Optional.⁵

Dependent covered from moment of birth, including coverage for congenital defects or birth abnormalities.

MEWA Regulation

Alabama has not enacted any legislation or promulgated any regulations or rulings relative to MEWAs. However, Alabama has held a MEWA to be an unauthorized insurer and has alerted all persons who aid such unauthorized insurer that such aid is in violation of this Alabama statute.⁶ There is a civil penalty for the violation of this statute in addition to the liability on the violation of any unpaid claims.⁷ The state of Alabama also put brokers on alert that they sell plans for MEWAs at their own peril. Any MEWA found operating in Alabama will receive a cease and desist order.⁸

TPA Regulation

Alabama has issued an Information Memorandum which states as follows: "The State of Alabama does not license third party administrators, as such, nor do we license non-domestic corporations, partnerships, or other firms. Any person who shares directly or indirectly in commissions generated by insurance business written in Alabama must be licensed as either a resident or non-resident agent. Any person who is directly involved, by personal contact with prospect or insured, in quoting or soliciting insurance business in Alabama must be licensed as either a resident or non-resident agent."

Stop-Loss Regulation

None. Stop-loss agreements must be filed with the state for approval; however, mandatory arbitration provision is not permitted.

Utilization Review Regulations

Agency Responsible ⁹	Dept. of Health
Requirements	Registration-Certification
Exemptions	Workers' Compensation
Waivers	Firms accredited by URAC

Miscellaneous

Premium Taxes ¹⁰

- Out-of-state insurers pay 4%. Alabama insurers pay 1%. HMOs pay 1%, but receive a credit if they have an Alabama home office.

Balance-Billing a Medicare Patient

- Alabama does not allow a provider to balance bill a Medicare patient; its position is that such practice is unprofessional.

Any Willing Provider

- Alabama has enacted an any willing provider law. The new law requires that all health, accident, and workers' compensation insurers, HMOs, and PPOs must reimburse non-contracted providers at the same rate as paid to a contracted provider.

Assignment of Commissions

- Such practice is not allowed.

Endnotes

- ¹ Ala. Code §§ 27-3A-1 to 27-3A-6.
- ² Ala. Code §§ 27-19A-1 to 27-19A-29.
- ³ Ala. Code § 27-19-42.
- ⁴ Ala. Code §§ 20A *et seq.*
- ⁵ Ala. Code § 27-1-18.
- ⁶ Ala. Code § 27-10-1.
- ⁷ Ala. Code §§ 27-10-51 and 27-10-52.
- ⁸ Ala. Ins. Dept. Bulletin July 12, 1990.
- ⁹ Ala. Code § 25-5-312.
- ¹⁰ Ala. Code §§ 27-4A-1 to 27-4A-7.