

# Pennsylvania

Pennsylvania Insurance Commission  
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## Summary of Important Regulations

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

## NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Health Insurance Reserves Model Regulation	PA. Admin. Code tit. 31 §§ 84a.1 to 84a.8	None
Comprehensive Health Ins. Cost Containment Model Act	None	None
Standardized Health Claims Form Model Regulation	None	PA. Cons. Stat. § 40-39-802
Small Employer Health Insurance Availability Model Law	None	PA. Cons. Stat. §§ 40-39-1001-A to 40-39-1012A
Model Regulation To Eliminate Unfair Sex Discrimination	31 PA. Admin. Code §§ 145.1 to 145.5	None
Health Information Privacy Model Law	None	None
Preferred Provider Arrangements Model Law	None	PA. Admin. Code tit. 31 §§ 152.1 to 152.25
Utilization Review Model Law	None	PA. Cons. Stat. §§ 40-39-1201 to 40-39-1293; PA. Admin. Code tit. 31 §§ 69.51 to 69.55
Managed Care Plan Network Adequacy Model Law	None	PA. Cons. Stat. §§ 40-39-1201 to 40-39-1293
Third Party Administrator Law	PA. Cons. Stat. §§ 40-25-1001 to 40-25-1013	None

Stop-loss Insurance Model Law	None	PA. Admin. Code tit. 31 §§ 89.471 to 89.474
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## NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Jurisdiction of Health Care Providers Model Law	PA. Cons. Stat. § 40-1-223	None
Standard Group Health Model Law	None	PA. Cons. Stat. §§ 40-39-110 to 40-39-121
Group Health Insurance Mandatory Conversion Law	PA. Cons. Stat. § 40-39-110	None
Group Coverage Discontinuance/ Replacement Model Regulation	None	None
Premium Rates and Renewability of Coverage-Small Groups	None	None
Group Coordination of Benefits Model Law	None	None
Model Regulation for Certification of Health Plans	None	None
Off-Label Drug Use Model Law	None	None
Group Health Mandatory Drug/ Alcohol Dependency Law	None	PA. Cons. Stat. §§ 40-62-101 to 40-62-108

Model Newborn Children's Law	PA. Cons. Stat. §§ 40-39-301 to 40-39-304	None
Health Examination Benefits Availability Law	None	PA. Cons. Stat. §§ 40-39-321 to 40-39-328; PA. Admin. Code tit. 31 §§ 89.801 to 89.809

## NAIC Model Laws and Regulation

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Accident and Sickness Insurance Minimum Standards Model Law	PA. Cons. Stat. §§ 40-39-201 to 40-39-207	None
Agents and Brokers Licensing Model Law	None	PA. Cons. Stat. §§ 40-25-101 to 40-25-412
MEWA Licensing Model Law	None	Insurance Dept. Notice 1992-2
Managing General Agents Law	PA. Cons. Stat. §§ 40-25-801 to 40-25-807	None
Health Maintenance Organization Model Law	None	PA. Cons. Stat. §§ 40-83-101 to 40-83-119; PA. Admin. Code tit. 31 §§ 301.201 to 301.204
Insurance Information and Privacy Protection Law	None	None
Unfair Trade Practices Law	PA. Cons. Stat. §§ 40-29-101 to 40-29-115	None
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 Pennsylvania	None	None

Total or Partial Blindness

## NAIC Model Laws and Regulation

<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	PA. Cons. Stat. §§ 40-29-103 to 40-29-105
Unfair Claims Settlement Practices Law	PA. Cons. Stat. § 40-29-105	None
Improper Termination Practices Law	None	None
Employee Leasing Registration Model Law	None	None
Private Employer Workers' Compensation Group Self-Insurance Model Law	PA. Cons. Stat. § 77-1-305	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**

- Alcoholism treatment
- Breast reconstruction
- Cancer hormone treatment
- Cervical cancer screening (pap smear)
- Chemotherapy
- Childhood immunizations
- Diabetic supplies, education
- Drug abuse treatment
- Emergency services
- Formulary for PKU
- Gynecological exams
- Hearing aids
- Mammography screening
- Maternity care
- Mental health, parity (group plans only)
- Mentally retarded child care
- Minimum mastectomy stays
- Minimum maternity stays
- Physically handicapped child care
- Well child care

### **Benefits That Must Be Offered**

None

### **Persons Who Must Be Allowed Coverage**

- Conversion to non-group
- Handicapped dependents
- Newborns

### **Providers Who Must Be Covered**

- Chiropractors
- Dentists

- Licensed Health Professionals
- Nurses
- Nurse (Anesthetists)
- Nurse Midwives
- Nurse Practitioners
- Nurse Psychiatric
- Optometrists
- Osteopaths
- Physical Therapists
- Podiatrists
- Psychologists
- Speech/Hearing Therapists

**Coordination of Benefits**

Pennsylvania does not regulate coordinated of benefits.

**Patient's Bill of Rights Legislation**

None

**High Risk Health Pool**

None

**External Grievance System**

Yes – all health care plans

**Basis of Filing Grievance**

Medical necessity, coverage disputes and exclusions

**Status of Decision of Grievance Panel**

Binding on both parties

**Prompt Payment of Health Claim Requirement**

Yes - 45 days

**Miscellaneous**

- Group policies benefits for cancer chemotherapy and cancer hormone treatment approved by the FDA. If in general use in the treatment of cancer, cancer chemotherapy and cancer hormone treatments must be covered whether performed in a physician's office, an outpatient department of a hospital, a hospital inpatient, or any other medically appropriate treatment setting.
- Moreover, all group health policies must cover mammographic examinations. The minimum coverage required includes all cost associated with a mammogram every year for a women 50 years of age or older, and with any mammogram based on a physician's recommendation for women 50 years of age. However, an insurer is not required to cover a mastectomy. Deductible or copayment provisions contained in a policy may be applied. The insurer may offer benefits exceeding the minimum benefits required.
- Pennsylvania requires group health policies to provide 30 days of inpatient and 60 days of outpatient

mental health care each year. Beneficiaries will be allowed to exchange those days at a rate of two outpatient days for every inpatient day. The law also instructs the state Department of Insurance to establish limits to ensure deductibles and copayments are not prohibitively costly so as to limit access to coverage. The law applies only to companies with 50 or more employees.

## **MEWA Regulation**

Pennsylvania does not directly regulate MEWAs but does consider them unauthorized insurers.<sup>1</sup>

## **TPA Regulations**

Pennsylvania requires that any person who collects charges or premiums from or who adjusts or settles claims for residents of Pennsylvania in connection with life or health coverage or annuities provided by or through an employee benefit plan, including, but not limited to, multiple employer welfare arrangements and self-funded municipalities or other political subdivisions must be licensed by the Insurance Division in order to perform such services.<sup>2</sup>

To be licensed as an Administrator under the Act, persons must make application to the Insurance Division for licensing and must demonstrate that certain errors and omissions and financial responsibility requirements have been satisfied prior to licensure.

The statute applies to all administrators, as defined by the Act, who administer business in Pennsylvania.

It is the responsibility of persons affected by the Insurance Administrator Act to know of the requirements of the statute and to initiate contact with the Insurance Department for licensing.

## **Stop-Loss Regulation**

Pennsylvania has requirements on stop-loss policies that are similar to those places on stop-loss policies in other states.<sup>3</sup> The regulation requires that any stop-loss policy meet the following requirements:

- The stop-loss policy shall be issued to, and insure, the sponsor of the plan, or the plan itself, not the employees, members, or participants.
- Payments by the insurer shall be made to the sponsor of the plan or the plan itself, not the employees, members, participants, or providers.
- The individual stop-loss amount (i.e., retention or attachment point per claimant) shall be at least \$10,000; the aggregate stop-loss amount for the plan shall be, at a minimum, \$100,000 per calendar year.
- The stop-loss policy shall contain a provision that the plan's or the plan sponsor's bankruptcy or insolvency will not relieve the stop-loss carrier from its obligation to pay claims under the stop-loss policy.
- In addition to the stop-loss policy filed with the Department for approval, all filings shall contain a separate document certifying that each of the four requirements listed above has been met.

## Utilization Review Regulations

Not regulated.

### Miscellaneous

#### **Small Group Reform**

None

#### **MSA Legislation**

No action.

#### **State Premium Taxes**

Commercial insurers are taxed at 2%; Blue Cross pays no tax; HMOS pay 2% if non-profit or benevolent.

#### **Continuation of Coverage and Conversion of Benefits**

Pennsylvania does not have a continuation of coverage requirement. However, it does require group health plans to allow covered employees and dependents to convert to individual coverage without evidence of insurability upon the termination of group coverage for any reason, including termination of the employer's policy. Individuals must apply for conversion and pay the first premium within 30 days of termination of group coverage. Certificate holders must be notified of their conversion privileges within 15 days of the termination of their group coverage.

## Endnotes

<sup>1</sup> Ins. Dept. Notice No. 1992-Z (1992).

<sup>2</sup> Pa. Cons. Stat. §§ 40-25-1001 to 40-25-1013.

<sup>3</sup> Ins. Dept. Notice No. dated August 19, 1986.