

Fact Sheet

U.S. Department of Labor
Employee Benefits Security Administration
February 2003

What to Do if Your Health Coverage Can No Longer Pay Benefits

The Department of Labor's Employee Benefits Security Administration (EBSA), administers the Employee Retirement Income Security Act of 1974 (ERISA), which governs group health plans.

This fact sheet provides basic information regarding options you may have if your health coverage can no longer pay benefits. For example, there are health coverage providers known as multiple employer welfare arrangements (MEWAs), which provide health and other benefits to employees of two or more unrelated employers. Although some MEWAs provide valuable coverage, other MEWAs cannot pay claims because of insolvency or fraud, causing the MEWA to file for bankruptcy or to go out of business. If this happens to you, here are some options to consider for obtaining alternative health coverage. These options implicate the health coverage portability provisions of the Health Insurance Portability and Accountability Act (HIPAA) and the health coverage continuation provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

KNOW YOUR HEALTH COVERAGE OPTIONS

HIPAA Special Enrollment in Another Group Health Plan.

If other employment-based, group coverage is available to you (such as coverage through a spouse's employer-provided plan), consider special enrollment in that plan. It is usually the most comprehensive and cost-effective coverage option available to you in this circumstance.

Special enrollment provides you and your family members an opportunity to enroll in a plan for which you are otherwise eligible, regardless of any open enrollment, after you experience a loss of other health coverage (or you experience certain life changes, such as marriage, birth of a child, adoption, or placement for adoption). However, to qualify, you must request enrollment **within 30 days** of losing eligibility for other coverage (or within 30 days of the life change). Once you request enrollment, it must become effective no later than the first day of the month following your request. For more information on special enrollment, you may want to read *Questions & Answers: Recent Changes in Health Care Laws* from (see "For More Information" on the last page of this fact sheet to get a copy).

Health Coverage Through a Government Program.

You may qualify for health coverage through State or Federal government programs. Information on government programs such as Medicaid (for low-income individuals and individuals with special needs), State Children's Health Insurance Programs (for children of qualified families), or Medicare (for people aged 65 and over, and for certain people who are disabled or have end-stage renal disease) is available through your State insurance department or the U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services, at **1-800-MEDICARE**.

Individual Health Insurance.

Another option to consider is individual health insurance coverage. You may be guaranteed access to such coverage, without any pre-existing condition exclusions, if:

- You had health coverage for at least 18 months without a significant break in coverage (generally a break in coverage of 63 days or more) and your most recent period of coverage was under an employment-based group health plan;
- Group coverage was not terminated because of fraud or failure to pay premiums;
- You either were not eligible for COBRA continuation coverage (or similar State program), or, if eligible for COBRA coverage (or similar State program), you both elected and exhausted COBRA coverage; and
- You are not eligible for other health coverage.

Individual coverage often cost more than similar coverage obtained through special enrollment in a group plan. More information on individual health coverage is available from your State insurance department or the Department of Health and Human Services, Center for Medicare and Medicaid Services, at **410-786-1565** or www.cms.gov.

RESEARCH YOUR COVERAGE OPTIONS AND ACT QUICKLY**Research the Benefits Provided under Particular Coverage Options.**

When considering your health coverage options, you should examine the scope of the coverage (including benefit coverage and limitations, visit limits, and dollar limits), premiums, cost-sharing (including co-payments and deductibles), and waiting periods for coverage. For information on the coverage through a particular group health plan, you should review the summary plan description (SPD – a document often referred to as an insurance booklet that describes the plan’s health coverage and what it will cost you). Call the plan administrator and request a copy if you don’t have one.

Act Quickly.

Although some States may extend these time frames for certain types of insured coverage, to ensure special enrollment in another group health plan, you must request enrollment **within 30 days** of losing other coverage. Similarly, to obtain health coverage without a pre-existing condition exclusion (whether through an individual insurance policy or through another employment-based group health plan), you cannot have a break in coverage of 63 days or more.

Don’t Wait for a Missing HIPAA Certificate of Creditable Coverage.

Regardless of what option you choose for your next health coverage, you may be asked for a HIPAA certificate of creditable coverage, which provides evidence of prior health coverage under the MEWA. However, if the MEWA has gone out of business, this certificate may be hard to obtain. There is another way you can provide evidence of your creditable coverage. Follow these three steps:

- Provide the new plan or insurer a written statement signed by you describing your prior coverage and its dates.
- Include some corroborating evidence, such as a pay stub that reflects a deduction for health insurance, a prescription drug card, or an Explanation of Benefits (EOB) statement; and
- Cooperate with the prospective health plan in any reasonable to verify your prior coverage.

FOR MORE INFORMATION

For more information about rights to coverage, contact the Employee Benefits Security Administration, visit our Web site at www.dol.gov/ebsa, or call the toll-free number at **1-866-444-EBSA (3272)** to request a copy of the following publication:

- *Questions and Answers: Recent Changes in Health Care Law*

This fact sheet has been developed by the U. S. Department of Labor, Employee Benefits Security Administration, Washington, DC 20210. It will be made available in alternate formats upon request: Voice phone: (202) 693-8664; TTY: (202) 501-3911. In addition, the information in this fact sheet constitutes a small entity compliance guide for purposes of the Small Business Regulatory Enforcement Fairness Act of 1996.