

Saving Money on Your Insurance

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Health Coverage When Changing Jobs

WE'RE A MOBILE SOCIETY. We change jobs more often than our parents and grandparents did. In addition, many of us decide to give up a guaranteed paycheck to become self-employed.

These decisions traditionally have been difficult for people with a history of medical problems. Leaving an employer could mean long waits for coverage of these "pre-existing conditions" under a new employer's health care plan or an individual policy.

Insurance companies ordinarily impose "waiting periods" before they will cover pre-existing conditions. The maximums allowed by law are 12 months for employer group policies and 24 months for individual or non-employer group policies. (HMOs cannot impose waiting periods.)

However, the federal Health Insurance Portability and Accountability Act (HIPAA) and companion Texas laws make decisions about changing jobs a little easier. Under these laws, pre-existing condition waiting periods are eliminated or shortened for people who move from one "creditable" health plan to another.

Coverage is "creditable" if it is major medical coverage provided by an individual or group plan issued by an insurance company or HMO, an employer's self-funded plan, Medicaid, Medicare or a state or local government health benefit pool. Creditable coverage includes coverage received by former employees who exercise their rights under the federal law called COBRA. Texas Department of Insurance rules require insurers and HMOs to provide certificates that enable people to prove they had creditable coverage when they change jobs and/or health care plans.

Here's how the protections work in various types of coverage change situations:

Employer group to new employer group.

If your previous plan covered you for 12 months or more, and you spent 63 days or less between jobs, the new health plan must cover your pre-existing conditions immediately. If you were under your previous plan for less than 12 months, your waiting period is reduced by one month for every month of creditable coverage during the preceding 12 months.

Individual policy to employer group.

Credit for prior coverage is the same as when you move from an employer group to a new employer group.

Employer group plan (including a government unit or church plan) to individual policy.

An insurance company is not required to sell you an individual policy. If you have a pre-existing condition, a company may reject your application or issue a policy after attaching a "rider" that excludes coverage of that condition. When a company accepts you without such an exclusion, your pre-existing conditions are covered immediately if you had:

- At least 18 months of creditable coverage, ending with an employer plan, and
- No more than a 63-day break in coverage.

If you had less than 18 months' coverage, you still get month-for-month credit toward your new waiting period.

Another option for individual coverage is the Texas Health Insurance Pool, which follows the same "portability" rules as insurance companies but cannot attach riders excluding coverage of pre-existing conditions. An application form and information on eligibility, coverage and rates can be obtained by calling the pool at **1-888-398-3927** or by consulting the pool's Web site, **www.txhealthpool.org**.

Individual policy to individual policy.

There is no law requiring credit for waiting periods under your previous policy. The new insurer may require a full 24-month waiting period before covering your pre-existing conditions.

It's important to note that HIPAA and the companion Texas laws do not entitle a person to keep the same health care plan when he or she changes employers. These laws do, however, provide valuable protection against having to start new waiting periods for coverage of pre-existing conditions when you change jobs.

For more health insurance information, call **1-800-599-7467** or go to the Texas Department of Insurance's Web site, **www.tdi.state.tx.us**, for our consumer publication, *Your Health Care Coverage*. ★

Editors:

- If you need further information, call: **Texas Department of Insurance Public Information Office (512) 463-6425**

We welcome your questions and suggestions about this column.