



STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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CHARLES R. COHEN
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Circular Letter 2000-10

TO: Life and Disability Insurers, Agents and Brokers, Health Care Services Organizations, Insurance Trade Associations and Other Interested Parties

FROM: Charles R. Cohen
Director of Insurance

DATE: June 29, 2000

RE: **Health Care Financing Administration (HCFA) Technical Bulletins 00-02 and 00-03**

The Health Care Financing Administration (HCFA) recently issued two technical bulletins that set forth HCFA's interpretation of certain issues related to the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Department has posted these two bulletins on its web site at www.state.az.us/id under "Publications" so that interested parties may review them. The Department will also post future HCFA bulletins as appropriate.

Bulletin 00-02 sets forth HCFA's interpretation of issues related to eligible individual status under Section 2741(b) of the Public Health Service Act. One criterion for status as an eligible individual is that the individual's most recent coverage must be under some form of group health plan. The bulletin discusses the types of plans that will qualify as "group plans," including plans with only 1 employee, plans that may be regulated under state law as individual insurance, plans covering a business owner and spouse, and plans covering partners. The bulletin also includes hypothetical illustrations.

Bulletin 00-03 sets forth HCFA's position regarding the relationship of certain types of state laws to the application of the guaranteed availability requirements of HIPAA in the small group market. Specifically, the bulletin discusses: (1) whether insurers marketing small group coverage may offer any small group product to fewer than all small employers if so authorized under state law; (2) the extent to which HIPAA preempts such state laws; and (3) whether guaranteed

availability requirements apply to group health plans comprised of fewer than two employees (“groups of one”).

Insurers are advised that the Department will rely on the interpretations contained in HCFA bulletins when enforcing State laws modeled after HIPAA.

Anyone with questions about this Circular Letter may contact Tom Boston in the Department’s Life and Health Section at 602/912-8460.