

COMMONWEALTH OF VIRGINIA

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November 2, 2001

Administrative Letter 2001 - 11

TO: ALL HEALTH MAINTENANCE ORGANIZATIONS LICENSED IN VIRGINIA

RE: 14 VAC 5-210-80 B 2 - NOTICE OF TERMINATION UPON LOSS OF ELIGIBILITY FOR COVERAGE

The purpose of this Administrative Letter is to inform all Health Maintenance Organizations (HMOs) how the requirement in 14 VAC 5-210-80 B 2 will be enforced by the Bureau of Insurance, (the Bureau).

14 VAC 5-210- 80 B 2 states:

No health maintenance organization shall terminate coverage for services provided under a contract without giving the subscriber written notice of termination which shall be effective at least 31 days from the date of mailing or, if not mailed, from the date of delivery, except that:

(a) For termination due to non-payment of premium, the grace period as required in 14 VAC 5-210-100 B 17 of this chapter shall apply; and

(b) For termination due to activities which endanger the safety and welfare of the health maintenance organization or its employees or providers, immediate notice of termination may be given.

In the majority of cases, it is the contractholder's responsibility to inform the HMO when there is a change in a subscriber's eligibility status. The conditions for termination of eligibility, such as divorce, death, change in student status or termination of employment, are disclosed in the Evidence of Coverage (EOC) issued to the subscriber. It is the Bureau's position that the requirements in 14 VAC 5-210-80 B 2 relating to the deferral of the termination date for 31 days from the date of mailing or delivery of notice of termination are not applicable to circumstances pertaining to loss of eligibility for coverage resulting from status changes. Therefore, the Bureau will not require that an HMO delay the termination date as described in 14 VAC 5-210-80 B when a change in a subscriber's status results in loss of eligibility under the terms disclosed in his or her EOC. This position relates solely to the circumstances described above, and is in no

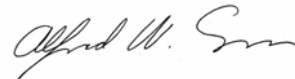
way intended to permit carriers to administratively change any conditions specified in the EOC relating to eligibility for or termination of coverage.

The Bureau may have disapproved forms from HMOs that did not include a provision for a written notice of termination effective at least thirty-one (31) days from the date of the notice or its mailing for loss of eligibility described above. Any carrier that has received a disapproval of forms for this reason may contact this office for prompt reconsideration of its filings.

Questions or comments regarding this letter, as well as requests for reconsideration of previous disapprovals as described above, may be directed to:

Edward Whyte
Senior Insurance Market Examiner
Forms and Rates Section, Life and Health Division
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Yours truly,



Alfred W. Gross
Commissioner of Insurance

AWG/apb