

Commonwealth of Virginia

ALFRED W. GROSS
COMMISSIONER OF INSURANCE

P. O. BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9206

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

September 25, 1996

Immediate Attention Required

Administrative Letter 1996-14

TO: All Insurers, Health Services Plans, and Health Maintenance Organizations licensed to write Accident and Sickness Insurance in Virginia, all Fraternal Benefit Societies

RE: Registration - Small Employer and Primary Small Employer Market

The purpose of this Administrative Letter is to provide information and direction regarding notification to the Commission of carriers' intentions to participate or not participate in the Primary Small Employer Market or the Small Employer Market in Virginia.

This letter should be reviewed thoroughly before the attached registration form is completed.

Effective 7/1/96, the definitions of "*Small Employer*" and "*Small Employer Market*" in § 38.2-3431 of the Code of Virginia were revised. The number of eligible employees employed by a small employer increased from "less than 50" to "less than 100". Because of this expanded definition, carriers who may have been marketing to groups outside of the scope of the previous definition must now register as Small Employer Carriers if they intend to continue to market to Small Employers as that term is now defined-

In accordance with 14 VAC 5-234-40.A, every Insurer, Health Services Plan, Fraternal Benefit Society or Health Maintenance Organization licensed to write Accident and Sickness insurance in Virginia must notify the Commission **in writing** of its intent to **participate or not participate** in the Primary Small Group Market or the Small Group Market by **November 30, 1996**. This requirement also applies to Multiple Employer Welfare Arrangements operating in Virginia, as set forth in 14 VAC 5-23420.13.3, (formerly Regulation No. 46, Section 2.13.3). The enclosed registration form should be completed and returned to the Bureau of Insurance to ensure that you meet this requirement. The Bureau of Insurance will consider those registrations currently on file to be valid unless we are advised otherwise.

Administrative Letter 1996 -14
Page Two

It should be noted that carriers must have a Standard Health Benefit Plan and an Essential Health Benefit Plan approved **prior to marketing** in the **Primary Small** Group market. If a carrier is registered to participate only in the Small Group Market, the Standard and Essential Health Benefit Plans must be approved before the carrier is added to the Commission's list of authorized Primary Small Employer carriers (2 to 25 employees). Carriers should refer to 14 VAC 5-234 (formerly Regulation No. 46), and Article 5, Chapter 34 of Title 38.2 of the Code of Virginia for specific requirements applicable to Standard and Essential Health Benefit Plans.

In accordance with § 38.2-3432.B.7 of the Code of Virginia, as amended, notice, in writing, of intent to cease writing new business in the Primary Small Employer Market must be provided to the Commission, and to either the policyholder, contract holder, enrollee or employer. Carriers should refer to this section for specific requirements applicable to notifications as well as restrictions on re-entry in this market.

Questions regarding the contents of this letter should be addressed, in writing, to the attention of:

Jacqueline K. Cunningham
Supervisor, Life and Health Forms & Rates Section
Bureau of Insurance
Box 1157
Richmond, Virginia 23218

Sincerely,

Alfred W. Gross
Commissioner of Insurance

AWG/jkc
Enclosure

**Virginia Small Employer Market
Registration Form
as required by
§38.2-3431 of the Code of Virginia and 14 VAC 5-234-40**

The carrier below will: (please check D's as appropriate)

Participate in the Primary Small Employer Market (2 to 25 eligible employees)

Participate in the Small Employer Market (26 to 99 eligible employees)

Not participate in the Primary Small or Small Employer Markets in Virginia

Company Information:

Name:

Address:

NAIC No.:

Contact Person:

Contact Person Title:

Contact Person Phone #:

Authorized by:

Name Printed:

Title Printed:

Signature:

Date:

Return this form by November 30, 1996, to:

Jacqueline K. Cunningham, Supervisor
Life and Health Forms and Rates Section
Virginia State Corporation Commission
Bureau of Insurance - 5th Floor
Post Office Box 1157
Richmond, VA 23218

