

Title 23. Public Utilities and Regulated Industries
Chapter I. State Insurance Department, Department of Commerce
Subchapter B. Life, Health, and Accident
Part 120. Notices of Nonrenewal of Employer Group Health Insurance Due to Nonpayment of Premium

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Section 2. Authority

This Rule is issued pursuant to the authority vested in the Insurance Commissioner in Ark. Code Ann. §§23-61-108 and 23-86-311(b)(7)(B)."

"4. Effective Date

The provisions of this Rule shall be effective on November 13, 2003."

"Section 7. Severability Provision

If any section or portion of a section of this rule or the application thereof to any person or circumstances is held invalid by a court, the remainder of this rule or the application of its provisions to other persons or circumstances shall not be affected."

Subpart 1. Generally

23 CAR § 120-101. Purpose.

The purpose of this part is to implement Arkansas Code § 23-86-311(b)(7) and to prescribe the form, manner, and timing of written notices provided by health insurance issuers that nonrenew or discontinue health insurance coverage offered in connection with a group health plan because the plan sponsor has failed to pay premiums under Arkansas Code § 23-86-311(b)(1).

Authority. Arkansas Code §§ 23-61-108, 23-86-311.

23 CAR § 120-102. Applicability and scope.

This part shall apply to health insurance issuers offering or providing group health plans issued in Arkansas, subject to the Arkansas Health Insurance Portability and Accountability Act of 1997, Arkansas Code § 23-86-301 et seq.

Authority. Arkansas Code §§ 23-61-108, 23-86-311.

23 CAR § 120-103. Definitions.

As used in this part:

(1) "Group health insurance coverage" or "group health insurance policy" means health insurance coverage offered in connection with a group health plan;

(2) "Group health plan" means an employee welfare benefit plan to the extent that the plan provides medical care, including items and services paid for as medical care, to employees or their dependents as defined under the terms of the plan directly or through:

- (A) Insurance;
- (B) Reimbursement; or
- (C) Otherwise;

(3) "Health insurance coverage" means benefits consisting of medical care, provided directly, through insurance, reimbursement, or otherwise and including items and services paid for as medical care, under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a health insurance issuer;

(4) "Health insurance issuer" or "issuer" means an insurance company, insurance service, or insurance organization, including a health maintenance organization, that is:

- (A) Licensed to engage in the business of insurance in a state; and
- (B) Subject to Arkansas law that regulates insurance;

(5) "Health maintenance organization" means:

(A) A federally qualified health maintenance organization as defined in Section 1301(a) of the Public Health Service Act, 42 U.S.C. § 300e(a);

(B) An organization recognized under state law as a health maintenance organization; or

(C) A similar organization regulated under state law for solvency in the same manner and to the same extent as a health maintenance organization;

(6) "Medical care" means:

(A) Amounts paid for or services provided for the diagnosis, cure, mitigation, treatment, or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body; or

(B) The amounts paid for transportation primarily for and essential to medical care; and

(7)(A) "Plan sponsor" means:

(i) The employer in the case of an employee benefit plan established or maintained by a single employer;

(ii) The employee organization in the case of a plan established or maintained by an employee organization; or

(iii) In the case of a plan established or maintained by two (2) or more employers or jointly by one (1) or more employers and one (1) or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

(B) Where a health insurance issuer provides health insurance coverage for the group health plan, the plan sponsor is the policyholder.

Authority. Arkansas Code §§ 23-61-108, 23-86-311.

23 CAR § 120-104. Required written notice.

Every health insurance issuer that nonrenews or discontinues a group health insurance policy because the policyholder failed to pay premiums in accordance with

the terms of the policy shall deliver a written notice of the policy termination that meets the following standards:

(1) The notice shall be sent to each employee and COBRA beneficiary covered by the policy;

(2) The issuer shall deliver the notice to the last known address of each notice recipient that the issuer maintains in its records;

(3) If the issuer and the notice recipient have agreed to transactions by electronic means, the notice may be sent electronically;

(4)(A) The notice shall clearly state the termination date of the policy.

(B) A certificate of creditable coverage containing the information required by Arkansas Code § 23-86-304(e)(1)(B) shall satisfy this standard; and

(5) The termination date stated in the notice shall be the date premium was due, if the premium has not been paid, provided the termination date expressed in the notice shall not predate the date the notice is sent by more than forty-seven (47) days, unless the issuer can demonstrate that the recipients of the notice shall receive it with no fewer than fourteen (14) days to acquire alternative coverage without loss of creditable coverage.

Authority. Arkansas Code §§ 23-61-108, 23-86-311.