



Guaranteeing Employers the Availability and Renewability of Group Coverage

Does HIPAA require health insurance issuers to make health coverage available to small employers?

Yes. Under the PHS Act, small firms (50 or fewer employees) are guaranteed access to health insurance. For more information, contact your State insurance department.

How does HIPAA affect group health coverage renewal and termination?

A group health plan that is a multiemployer plan or multiple employer welfare arrangement (MEWA) generally may not deny an employer whose employees are covered under that plan continued access to the same or different coverage. This rule does not apply if the plan no longer offers service or has any providers in a geographic area. In addition, this rule would not apply where an employer:

- Fails to make payment of contributions;
- Commits fraud or other intentional misrepresentation of material fact;
- Fails to comply with a material plan provision; or
- Fails to meet the terms of, renew, or employ workers covered by a collective bargaining agreement.

In addition, for all group health plans, the PHS Act requires that, at an employer's option (as the plan sponsor), the issuer offering the group health insurance coverage must renew or continue in force the employer's current coverage. However, the issuer may discontinue insurance coverage when:

- Premiums are not paid or are not paid timely;
- Fraud is committed;
- Participation or contribution rules are violated;
- The issuer ceases to offer that particular coverage or all health insurance coverage;
- All individuals move outside the service area; or
- Membership in a bona fide association ceases.

For more information, contact your State insurance department.