



Arkansas Insurance Department

1200 West Third Street
Little Rock, AR 72201-1904
1-501-371-2600
1-800-282-9134
Fax 1-501-371-2618
www.state.ar.us/insuranc

Mike Huckabee
Governor

Mike Pickens
Commissioner

BULLETIN NO. 11-2003

TO: ALL AGENTS LICENSED TO SELL ACCIDENT AND HEALTH INSURANCE
AND THE GENERAL PUBLIC, ALL LICENSED LIFE AND ACCIDENT INSURERS, FRATERNAL
ORGANIZATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS,
TRADE ORGANIZATIONS AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: PROVING "CREDITABLE COVERAGE" WHEN APPLYING FOR COVERAGE FROM THE
ARKANSAS COMPREHENSIVE HEALTH INSURANCE POOL ("CHIP")

DATE: DECEMBER 23, 2003

The Arkansas Comprehensive Health Insurance Pool ("CHIP") is a program established by the Arkansas General Assembly to provide health insurance coverage to uninsurable individuals. The General Assembly also expressly stated its intent that CHIP be an "acceptable alternative mechanism" as authorized under the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Most persons eligible for CHIP are subject to a six-month exclusion for pre-existing conditions. However, individuals who have lost group coverage through their employer are eligible for CHIP coverage with no pre-existing condition exclusion if they have at least 18 months of "creditable coverage" without a break in coverage of 63 days or more, and they meet other eligibility requirements described below. These individuals are called "Federally Eligible Individuals" in the CHIP statute [see Ark. Code Ann. §23-79-503(10)] and are eligible for the portability protections under HIPAA.

The term "creditable coverage" is defined by Ark. Code Ann. §23-79-503(7). Generally, the term includes most forms of health insurance, including individual coverage, coverage through group plans sponsored by an employer, the federal government or a state, COBRA or continuation coverage, and coverage provided under a qualified high risk pool such as CHIP. Under federal law (45 C.F.R. §146.115), a person may obtain a certificate of creditable coverage from his or her former employer or insurer automatically when coverage ends, and upon request within 24 months after the coverage ends. The certificate shows the time period a person had creditable coverage with the employer or insurer.

This Bulletin clarifies evidence an applicant for CHIP coverage must present to show that he or she has sufficient "creditable coverage" to qualify as a Federally Eligible Individual.

ELIGIBILITY REQUIREMENTS FOR FEDERALLY ELIGIBLE INDIVIDUALS

To qualify as a Federally Eligible Individual, a person must:

1. be a resident of Arkansas;
2. have, on the date that the person wishes for the CHIP coverage to begin, an aggregate of 18 months of credible coverage without a break in coverage of 63 days or more;
3. have been covered most recently through an employer (including a plan offered by a governmental entity or a church for their employees);
4. not be currently covered by, or eligible for, coverage under Medicare, Medicaid or employer-based coverage;
5. not have had his or her most recent coverage terminated based upon a factor related to nonpayment of premiums or fraud;

6. have elected and exhausted any continuation of coverage option under COBRA or a similar state law continuation provision, if the person was offered such coverage; and
7. not currently have other health insurance coverage.

Ark. Code Ann. §23-79-503(10).

EVIDENCE OF CREDITABLE COVERAGE

Section 23-79-509(b)(2) of the Arkansas Code states that any person applying for coverage as a Federally Eligible Individual “must submit with his or her application evidence, including acceptable written certification of previous creditable coverage”, to demonstrate that the person has the required 18 months of creditable coverage without a break in coverage of 63 days or more. However, an applicant is not required to submit a certificate or certificates of creditable coverage to demonstrate the 18 months of coverage. An applicant may fulfill his or her responsibility under Ark. Code Ann. §23-79-509(b)(2) by:

1. Attesting, on the signature page of the application, that he or she meets the creditable coverage requirements and will cooperate with CHIP in verifying such creditable coverage; and
2. Submitting evidence of past creditable coverage in the applicant’s possession, if any, including certificates of creditable coverage, benefit forms, premium invoices or correspondence from the applicant’s former or current employer.

While an applicant does not need to provide certificates to prove past creditable coverage, it is important for the applicant to cooperate with CHIP and provide as much evidence as possible. CHIP cannot enroll an applicant in CHIP as a Federally Eligible Individual until CHIP verifies that the applicant has sufficient creditable coverage and meets other requirements listed above. An applicant must fill out the application completely and provide proof of Arkansas residency, such as a copy of a current driver’s license or utility bill.

There are also other categories of persons who may be eligible for CHIP, including individuals who cannot obtain health insurance coverage in the individual market (or can only obtain it at rates much higher than CHIP rates), and individuals who have been notified that they are eligible for the federal Health Coverage Tax Credit. For more information on eligibility for CHIP, or to obtain an application packet, please call the CHIP Administrator, Blue Advantage Administrators, at 1-800-285-6477.

Effective Date: December 26, 2003

(signed by Mike Pickens)
MIKE PICKENS
INSURANCE COMMISSIONER

(12-26-2003)
DATE