



Illinois Insurance Facts

Illinois Department of Insurance

HIPAA

May 2015

Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

The federal Health Insurance Portability and Accountability Act (HIPAA) became law in 1996. Illinois passed the state HIPAA law effective July 1, 1997. HIPAA has provided important protections for health insurance coverage for workers and their families for many years.

This fact sheet provides information regarding the HIPAA reforms related to health care access, portability and renewability, and how those reforms have been impacted or superseded by the Affordable Care Act (ACA).

Limiting Preexisting Condition Exclusions

HIPAA:

HIPAA limited the look back period for pre-existing conditions under an employer sponsored health plan. The plan could deny coverage for a preexisting condition only if the employee or dependent was diagnosed, received care or treatment, or had care or treatment recommended within 6 months before the enrollment date.

HIPAA prohibited group health plans and issuers from excluding an individual's preexisting medical condition from coverage for more than 12 months (18 months for late enrollees) after the individual's enrollment date.

ACA:

For plan years on or after January 1, 2014, health plans are not allowed to exclude preexisting conditions. This means that as of January 1, 2015, the only plans left with preexisting condition exclusions will be grandfathered plans, transition plans and excepted benefit plans.

Prohibition of discrimination due to health conditions

HIPAA:

HIPAA prohibited discrimination against individual participants within a group health plan by forbidding establishment of rules for eligibility based on health status, medical conditions, claims experience, receipt of health care, medical history, genetic information, evidence of insurability and disability. These protections also extended to premiums or contributions for similarly situated individuals enrolled in a group health plan.

ACA:

The ACA prohibits discrimination on the grounds of race, color, national origin, sex, age, or disability against individuals shopping for health insurance on the open market. Furthermore, the ACA prohibits the establishment of rules for eligibility (including continuing eligibility) for an individual to enroll under the terms of the plan or coverage based on

1. Health status
2. Medical condition (including both physical and mental illnesses)
3. Claims experience
4. Receipt of health care
5. Medical history
6. Genetic information
7. Evidence of Insurability (including conditions arising out of acts of domestic violence)
8. Disability
9. Any other health status-related factor determined appropriate by the Secretary.

Beginning January 1, 2014, premiums in the individual and small group markets may vary only by family structure, geography, the actuarial value of the benefit, age (limited to a ratio of 3 to 1) and tobacco use (limited to a ratio of 1.5 to 1)

Not applicable to grandfathered plans, transition plans or excepted benefit plans.

Portability and Creditable Coverage

HIPAA provided portability of coverage by requiring employer health plans to accept new workers without regard to preexisting health conditions if they applied when first eligible and to the extent they had prior continuous coverage (without a break of 63 days or more). The prior coverage was credited toward preexisting condition limitations under the new employer's plan.

The ACA prohibits insurers from imposing pre-existing condition exclusions on health plans that provide essential health benefits for plan years beginning on or after January 1, 2014. This provision does not apply to grandfathered individual plans.

For More Information

Call our Office of Consumer Health Insurance toll free at (877) 527-9431 or visit us on our website at <http://insurance.illinois.gov/>