



Administrative Bulletin 2016-3

Date: June 23, 2016

To: All insurance companies, health maintenance organizations, fraternal benefit societies, hospital service corporations, employer group plans, managed care organizations, third party administrators, medical service corporations and health care centers that deliver or issue individual and group health insurance policies in Minnesota

Subject: Third-Party Payments of Premiums or Cost-sharing Expenses

The purpose of this Bulletin is to advise entities delivering or issuing individual and group health insurance policies in Minnesota of guidance regarding the circumstances under which carriers accept third-party payments toward a policyholder's or certificate holder's (the insured) insurance premium or out-of-pocket expenses (deductibles, copayments or coinsurance). This Bulletin also addresses the issue of whether out-of-pocket expenses paid for by a third party must be counted towards the insured's deductible or out-of-pocket maximum.

Federal regulation addresses third-party payments in 45 CFR § 156.1250, requiring carriers offering Qualified Health Plans (QHPs) to accept third-party payments of premiums or cost-sharing from the following entities:

- Ryan White HIV/AIDS programs,
- Indian tribes or tribal organizations, and
- Local, state or federal government programs, including grantees directed by a government program to make payments on its behalf.

The Minnesota Departments of Commerce and Health ("Departments") extend the federal requirements under 45 CFR § 156.1250 to all carriers offering health benefit plans in Minnesota's group and individual markets under Minnesota Statute § 62K.05, because policies that fail to do so would be unfairly prejudicial to policyholders under Minnesota Statute § 72A.19. In addition, the Departments find it is in the best interest of consumers to require carriers to accept payment on behalf of an insured from the third parties described in the next paragraph for the same reason.

Carriers must accept third-party payments from individuals such as family and friends. Carriers must also accept third-party payments made by religious institutions and other not-for-profit organizations when each of the following criteria is met:

- The assistance is provided on the basis of the insured's financial need,
- The institution or organization is not a healthcare provider, and
- The institution or organization is financially disinterested, i.e., the institution/organization does not receive funding from entities with a pecuniary interest in the payment of health insurance claims.

Premium payments to carriers by third parties that do not meet the above criteria ("ineligible third parties") are not required to be accepted. Similarly, carriers are not required to accept and count cost-sharing paid by ineligible third parties toward the deductible or out-of-pocket maximum. If ineligible third-party payments of this type are discovered after the fact and have already been counted toward the deductible or out-of-pocket maximum, carriers may exclude the ineligible third-party payment from the accumulation toward the deductible or out of pocket maximum subject to any limitations within the insurance contract on retrospective consideration of claims information.

In order for a carrier to deny payment of premiums or contribution toward cost-sharing by an ineligible third party, a carrier must report the ineligible third party to the Departments for review and approval prior to denial. A carrier must demonstrate why the third-party payer in question is ineligible in accordance with the criteria in this Bulletin. Should approval from the Departments be granted, carriers must inform the insured of the reason for denial of payment by an ineligible third party and of the insured's right to file a complaint with the Departments. Carriers wishing to submit a request for denial of an ineligible third-party payer should direct the request to lindsay.mclaughlin@state.mn.us for PPO products, and tom.major@state.mn.us for HMO products.

This Bulletin is effective immediately for health insurance policies regulated by the Departments in the state of Minnesota for all claims occurring on or after the issue date of this Bulletin. Health insurance policies issued or renewed on or after January 1, 2017 that include a third party payer prohibition must have language consistent with this Bulletin as part of the insured's contract.

Questions

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