

DEPARTMENT OF INSURANCE

Statutory Authority: 18 Delaware Code, Sections 314 and 3403 (18 Del.C. §§314 & 3403)
18 DE Admin. Code 1407

PUBLIC NOTICE

PROPOSED

1407 Supplemental Health Insurance Coverage For Children Of Insureds

INSURANCE COMMISSIONER MATTHEW DENN hereby gives notice of proposed Department of Insurance **Regulation 1407** relating to **Supplemental Health Insurance Coverage for Children of Insureds**. The docket number for this proposed regulation is 365.

The Department of Insurance proposes to promulgate Regulation 1407 as a result of the enactment of House Bill 466 last year to provide regulatory guidelines for insurers with respect to the rate and form filings that will be necessary to comply with the new statutory provisions. The **Delaware Code** authority for the change is 18 Del.C. §§310, 311, 3354, and 3570. The text can also be viewed at the Delaware Insurance Commissioner's website at www.delawareinsurance.gov under the link for "Proposed Regulations."

The Department of Insurance will hold a public hearing on the proposed changes on Tuesday, April 3, 2007 at 10:00 a.m. in the Consumer Services hearing room, 841 Silver Lake Blvd., Dover, DE 19904. Any person can file written comments, suggestions, briefs, and compilations of data or other materials concerning the proposed amendment. Any written submission in response to this notice and relevant to the proposed change must be received by the Department of Insurance no later than 4:30 p.m., Monday April 2, 2007 by delivering said comments to Deputy Attorney General Michael J. Rich, c/o Delaware Department of Insurance, 841 Silver Lake Boulevard, Dover, DE 19904, or sent by fax to 302.739.5566 or emailed to michael.rich@state.de.us.

1407 Supplemental Health Insurance Coverage for Children of Insureds

1.0 Authority

1.1 This regulation is adopted by the Commissioner pursuant to the authority granted by 18 Del.C. §§310, 311, 3354, and 3570 and promulgated in accordance with the Delaware Administrative Procedures Act, 29 Del.C. Chapter 101.

2.0 Scope

2.1 This regulation applies to all Carriers, as defined below.

3.0 Definitions

"Carrier" means any entity that provides health insurance in this State. For the purposes of this section, carrier includes an insurance company, health service corporation, managed care organization, health maintenance organization, and any other entity providing a plan of health insurance or health benefits subject to state insurance regulation. "Carrier" also includes any third party administrator or other entity that adjusts, administers, or settles claims in connection with health benefit plans.

"Covered person" means a person who claims to be entitled to receive benefits from a carrier.

"Dependent" means a covered person's child by blood or by law who:

- a. is less than 24 years of age;
- b. is unmarried;
- c. has no dependents of his or her own;
- d. is a resident of Delaware or is enrolled as a full-time student at an accredited public or private institution of higher education; and
- e. is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, or church plan, or entitled to benefits under 42 U.S.C. §1395 et. seq.

4.0 Submission of Rate Plans

4.1 No later than 30 days following the effective date of this regulation, each Carrier shall submit the following to the Commissioner:

4.1.1 Certified notice that within 60 days following the effective date of this regulation, the carrier will be in compliance with all terms of 18 Del.C. §§3354 and 3570.

4.1.2 A rate filing containing proposed premiums for dependent coverage consistent with 18 Del.C. §§3354(g), 3354(h), 3570(g) and 3570(h).

4.2 Where possible, rate filings made consistent with this regulation shall be made in the format and on the forms required of the carriers' other filings made pursuant to Title 18, Chapter 25 of the Delaware Code.

4.3 Rate filings required by this regulation shall demonstrate that the premium charged pursuant to 18 Del.C. §§3354 and 3570 does not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the contract prior to the termination of coverage at the specific age provided in the contract.

4.4 Compliance with Section 4.3 of this Regulation shall be demonstrated by:

4.4.1 Establishing the portion of existing carrier costs directly attributable to inclusion of persons whose coverage would have been terminated due to age but for implementation of 18 Del.C. §§3354 and 3570.

4.4.2 Generating a rate schedule that assesses premiums no greater than 102% of the costs generated by Section 4.4.1.

4.4.3 Fixed costs which would be incurred by the carrier regardless of inclusion of persons whose coverage would have been terminated due to age but for implementation of 18 Del.C. §§3354 and 3570 shall not be included in the carrier costs established under Section 4.4.1, and the rate filings made pursuant to Sections 4.2 and 4.3 shall affirmatively state that such fixed costs have not been included.

4.4.4 Carriers may submit rate filings pursuant to Sections 4.2 and 4.3 that produce premiums substantially similar to those that would be generated by compliance with Sections 4.4.1 through 4.4.3.

4.4.5 The Department interprets 18 Del.C. §§3354 and 3570 to permit and require it to review rate filings made pursuant to this Regulation to ensure that they are not excessive. The effective filing date provisions of 18 Del.C. §2506 apply to a carrier's conditional right to charge premiums upon the filing of a rate request.

4.4.6 The carrier shall be required to submit the notices, or any amendments thereto, required by 18 Del. C. §§3354(j) and 3570(j) to the Department for form approval prior to their use.

5.0 Effective Date

5.1 This Regulation shall become effective May 11, 2007.

10 DE Reg. 1403 (03/01/07) (Prop.)