§ 54.9801–3 Limitations on preexisting condition exclusion period.

(a) Preexisting condition exclusion—(1) Defined—(i) A preexisting condition exclusion means a preexisting condition exclusion within the meaning set forth in §54.9801–2.

(ii) Examples. The rules of this paragraph (a)(1) are illustrated by the following examples:

Example 1. (i) Facts. A group health plan provides benefits solely through an insurance policy offered by Issuer S. At the expiration of the policy, the plan switches coverage to a policy offered by Issuer T. Issuer T’s policy excludes benefits for any prosthesis if the body part was lost before the effective date of coverage under the policy.

(ii) Conclusion. In this Example 1, the exclusion of benefits for any prosthesis if the body part was lost before the effective date of coverage is a preexisting condition exclusion because it operates to exclude benefits for a condition based on the fact that the condition was present before the effective date of coverage. The plan provision, therefore, is subject to the limitations on preexisting condition exclusions in this section.

Example 2. (i) Facts. A group health plan provides coverage for cosmetology surgery in cases of accidental injury, but only if the injury occurred while the individual was covered under the plan.

(ii) Conclusion. In this Example 2, the plan provision excluding cosmetic surgery benefits for individuals injured before enrolling in the plan is a preexisting condition exclusion because it operates to exclude benefits relating to a condition based on the fact that the condition was present before the effective date of coverage. The plan provision, therefore, is subject to the limitations on preexisting condition exclusions in this section.

Example 3. (i) Facts. A group health plan provides coverage for the treatment of acne, generally not subject to any lifetime dollar limit. However, if an individual was diagnosed with diabetes before the effective date of coverage under the plan, diabetes coverage is subject to a lifetime limit of $10,000.

(ii) Conclusion. In this Example 3, the $10,000 lifetime limit is a preexisting condition exclusion because it limits benefits for a condition based on the fact that the condition was present before the effective date of coverage. The plan provision, therefore, is subject to the limitations on preexisting condition exclusions in this section.
(b)(5) of this section from imposing any preexisting condition exclusion on pregnancy, the plan provision is prohibited. However, if the plan provision included an exception for women who were pregnant before the effective date of coverage under the plan (so that the provision applied only to women who became pregnant on or after the effective date of coverage) the plan provision would not be a preexisting condition exclusion (and would not be prohibited by paragraph (b)(5) of this section).

Example 6. (i) Facts. A group health plan provides coverage for medically necessary items and services, generally including treatment of heart conditions. However, the plan does not cover those same items and services when used for treatment of congenital heart conditions.

(ii) Conclusion. In this Example 6, the exclusion of coverage for treatment of congenital heart conditions is a preexisting condition exclusion because it operates to exclude benefits relating to a condition based on the fact that the condition was present before the effective date of coverage. The plan provision therefore is subject to the limitations on preexisting condition exclusions in this section.

Example 7. (i) Facts. A group health plan generally provides coverage for medically necessary items and services. However, the plan excludes coverage for the treatment of cleft palate.

(ii) Conclusion. In this Example 7, the exclusion of coverage for treatment of cleft palate is not a preexisting condition exclusion because the exclusion applies regardless of when the condition arose relative to the effective date of coverage. The plan provision, therefore, is not subject to the limitations on preexisting condition exclusions in this section.

Example 8. (i) Facts. A group health plan provides coverage for treatment of cleft palate, but only if the individual being treated has been continuously covered under the plan from the date of birth.

(ii) Conclusion. In this Example 8, the exclusion of coverage for treatment of cleft palate for individuals who have not been covered under the plan from the date of birth operates to exclude benefits in relation to a condition based on the fact that the condition was present before the effective date of coverage. The plan provision, therefore, is subject to the limitations on preexisting condition exclusions in this section.

(2) General rules. Subject to paragraph (b) of this section (prohibiting the imposition of a preexisting condition exclusion with respect to certain individuals and conditions), a group health plan may impose, with respect to a participant or beneficiary, a preexisting condition exclusion only if the requirements of this paragraph (a)(2) are satisfied. (See section 701 of ERISA and section 2701 of the PHS Act, under which these requirements are also imposed on a health insurance issuer offering group health insurance coverage.)

(i) 6-month look-back rule. A preexisting condition exclusion must relate to a condition (whether physical or mental), regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period (or such shorter period as applies under the plan) ending on the enrollment date.

(A) For purposes of this paragraph (a)(2)(i), medical advice, diagnosis, care, or treatment is taken into account only if it is recommended by, or received from, an individual licensed or similarly authorized to provide such services under State law and operating within the scope of practice authorized by State law.

(B) For purposes of this paragraph (a)(2)(i), the 6-month period ending on the enrollment date begins on the 6-month anniversary date preceding the enrollment date. For example, for an enrollment date of August 1, 1998, the 6-month period preceding the enrollment date is the period commencing on February 1, 1998 and continuing through July 31, 1998. As another example, for an enrollment date of August 30, 1998, the 6-month period preceding the enrollment date is the period commencing on February 28, 1998 and continuing through August 29, 1998.

(C) The rules of this paragraph (a)(2)(i) are illustrated by the following examples:

Example 1. (i) Facts. Individual A is diagnosed with a medical condition 8 months before A’s enrollment date in Employer R’s group health plan. A’s doctor recommends that A take a prescription drug for 3 months, and A follows the recommendation.

(ii) Conclusion. In this Example 1, Employer R’s plan may impose a preexisting condition exclusion with respect to A’s condition because A received treatment during the 6-month period ending on A’s enrollment date in Employer R’s plan by taking the prescription medication during that period. However, if A did not take the prescription drug during the 6-month period, Employer R’s plan
would not be able to impose a preexisting condition exclusion with respect to that condition.

Example 2. (i) Facts. Individual B is treated for a leg fracture 7 months before the enrollment date in Employer S’s group health plan. As part of such treatment, B’s physician recommends that a follow-up examination be given 2 months later. Despite this recommendation, B does not receive a follow-up examination, and no other medical advice, diagnosis, care, or treatment for that condition is recommended to B or received by B during the 6-month period ending on B’s enrollment date in Employer S’s plan.

(ii) Conclusion. In this Example 2, Employer S’s plan may not impose a preexisting condition exclusion with respect to the condition for which B received treatment 7 months prior to the enrollment date.

Example 3. (i) Facts. Same facts as Example 2, except that Employer S’s plan learns of the condition and attaches a rider to B’s certificate of coverage excluding coverage for the condition. Three months after enrollment, B’s condition recurs, and Employer S’s plan denies payment under the rider.

(ii) Conclusion. In this Example 3, the rider is a preexisting condition exclusion and Employer S’s plan may not impose a preexisting condition exclusion with respect to the condition for which B received treatment 7 months prior to the enrollment date. (In addition, such a rider would violate the provisions of §54.9801–2, even if B had received treatment for the condition within the 6-month period ending on the enrollment date.)

Example 4. (i) Facts. Individual C has asthma and is treated for that condition several times during the 6-month period before C’s enrollment date in Employer T’s plan. Three months after the enrollment date, C begins coverage under Employer T’s plan. Two months later, C is hospitalized for asthma.

(ii) Conclusion. In this Example 4, Employer T’s plan may impose a preexisting condition exclusion with respect to C’s asthma because care relating to C’s asthma was received during the 6-month period ending on C’s enrollment date (which, under the rules of paragraph (a)(3)(i) of this section, is the first day of the waiting period).

Example 5. (i) Facts. Individual D, who is subject to a preexisting condition exclusion imposed by Employer U’s plan, has diabetes, as well as retinal degeneration, a foot condition, and poor circulation (all of which are conditions that may be directly attributed to diabetes). D receives treatment for these conditions during the 6-month period ending on D’s enrollment date in Employer U’s plan. After enrolling in the plan, D stubbles and breaks a leg.

(ii) Conclusion. In this Example 5, the leg fracture is not a condition related to D’s diabetes, retinal degeneration, foot condition, or poor circulation, even though they may have contributed to the accident. Therefore, benefits to treat the leg fracture cannot be subject to a preexisting condition exclusion. However, any additional medical services that may be needed because of D’s preexisting diabetes, poor circulation, or retinal degeneration that would not be needed by another patient with a broken leg who does not have these conditions may be subject to the preexisting condition exclusion imposed under Employer U’s plan.

(ii) Maximum length of preexisting condition exclusion. A preexisting condition exclusion is not permitted to extend for more than 12 months (18 months in the case of a late enrollee) after the enrollment date. For example, for an enrollment date of August 1, 1998, the 12-month period after the enrollment date is the period commencing on August 1, 1998 and continuing through July 31, 1999; the 18-month period after the enrollment date is the period commencing on August 1, 1998 and continuing through January 31, 2000.

(iii) Reducing a preexisting condition exclusion period by creditable coverage—(A) The period of any preexisting condition exclusion that would otherwise apply to an individual under a group health plan is reduced by the number of days of creditable coverage the individual has as of the enrollment date, as counted under §54.9801–4. Creditable coverage may be evidenced through a certificate of creditable coverage (required under §54.9801–5(a)), or through other means in accordance with the rules of §54.9801–5(c).

(B) The rules of this paragraph (a)(2)(iii) are illustrated by the following example:

Example. (i) Facts. Individual D works for Employer X and has been covered continuously under X’s group health plan. D’s spouse works for Employer Y. Y maintains a group health plan that imposes a 12-month preexisting condition exclusion (reduced by creditable coverage) on all new enrollees. D enrolls in Y’s plan, but also stays covered under X’s plan. D presents Y’s plan with evidence of creditable coverage under X’s plan.

(ii) Conclusion. In this Example, Y’s plan must reduce the preexisting condition exclusion period that applies to D by the number of days of coverage that D had under X’s plan as of D’s enrollment date in Y’s plan (even though D’s coverage under X’s plan was continuing as of that date).
(iv) Other standards. See § 54.9802-1 for other standards that may apply with respect to certain benefit limitations or restrictions under a group health plan. Other laws may also apply, such as the Uniformed Services Employment and Reemployment Rights Act (USERRA), which can affect the application of a preexisting condition exclusion to certain individuals who are reinstated in a group health plan following active military service.

(3) Enrollment definitions—(i) Enrollment date means the first day of coverage (as described in paragraph (a)(3)(ii) of this section) or, if there is a waiting period, the first day of the waiting period. If an individual receiving benefits under a group health plan changes benefit packages, or if the plan changes group health insurance issuers, the individual’s enrollment date does not change.

(ii) First day of coverage means, in the case of an individual covered for benefits under a group health plan, the first day of coverage under the plan and, in the case of an individual covered by health insurance coverage in the individual market, the first day of coverage under the policy or contract.

(iii) Waiting period means the period that must pass before coverage for an employee or dependent who is otherwise eligible to enroll under the terms of a group health plan can become effective. If an employee or dependent enrolls as a late enrollee or special enrollee, any period before such late or special enrollment is not a waiting period. If an individual seeks coverage in the individual market, a waiting period begins on the date the individual submits a substantially complete application for coverage and ends on—

(A) If the application results in coverage, the date coverage begins;
(B) If the application does not result in coverage, the date on which the application is denied by the issuer or the date on which the offer of coverage lapses.

(iv) The rules of paragraphs (a)(3)(i), (ii), and (iii) of this section are illustrated by the following examples:

Example 1. (i) Facts. Employer V’s group health plan provides for coverage to begin on the first day of the first payroll period following the date an employee is hired and completes the applicable enrollment forms, or on any subsequent January 1 after completion of the applicable enrollment forms. Employer V’s plan imposes a preexisting condition exclusion for 12 months (reduced by the individual’s creditable coverage) following an individual’s enrollment date. Employee E is hired by Employer V on October 13, 1998, and on October 14, 1998 E completes and files all the forms necessary to enroll in the plan. E’s coverage under the plan becomes effective on October 25, 1998 (which is the beginning of the first payroll period after E’s date of hire).

(ii) Conclusion. In this Example 1, E’s enrollment date is October 13, 1998 (which is the first day of the waiting period for E’s enrollment and is also E’s date of hire). Accordingly, with respect to E, the permissible 6-month period in paragraph (a)(2)(i) is the period from April 13, 1998 through October 12, 1998, the maximum permissible period during which Employer V’s plan can apply a preexisting condition exclusion under paragraph (a)(2)(ii) is the period from October 13, 1998 through October 12, 1999, and this period must be reduced under paragraph (a)(2)(iii) by E’s days of creditable coverage as of October 13, 1998.

Example 2. (i) Facts. A group health plan has two benefit package options, Option 1 and Option 2. Under each option a 12-month preexisting condition exclusion is imposed. Individual B is enrolled in Option 1 on the first day of employment with the employer maintaining the plan, remains enrolled in Option 1 for more than one year, and then decides to switch to Option 2 at open season.

(ii) Conclusion. In this Example 2, B cannot be subject to any preexisting condition exclusion under Option 2 because any preexisting condition exclusion period would have to begin on B’s enrollment date, which is B’s first day of coverage, rather than the date that B enrolled in Option 2. Therefore, the preexisting condition exclusion period expired before B switched to Option 2.

Example 3. (i) Facts. On May 13, 1997, Individual E is hired by an employer and enrolls in the employer’s group health plan. The plan provides benefits solely through an insurance policy offered by Issuer S. On December 27, 1998, E’s leg is injured in an accident and the leg is amputated. On January 1, 1999, the plan switches coverage to a policy offered by Issuer T. Issuer T’s policy excludes benefits for any prosthesis if the body part was lost before the effective date of coverage under the policy.

(ii) Conclusion. In this Example 3, E’s enrollment date is May 13, 1997, E’s first day of coverage. Therefore, the permissible 6-month look-back period for the preexisting condition exclusion imposed under Issuer T’s policy begins on November 13, 1996 and ends on
May 12, 1997. In addition, the 12-month maximum permissible preexisting condition exclusion period begins on May 13, 1997 and ends on May 12, 1998. Accordingly, because no medical advice, diagnosis, care, or treatment was recommended to or received by E for the leg during the 6-month look-back period (even though medical care was provided within the 6-month period preceding the effective date of E’s coverage under Issuer T’s policy), the plan may not impose any preexisting condition exclusion with respect to E. Moreover, even if E had received treatment during the 6-month look-back period, the plan still would not be permitted to impose a preexisting condition exclusion because the 12-month maximum permissible preexisting condition exclusion period expired on May 12, 1998 (before the effective date of E’s coverage under Issuer T’s policy). See 29 CFR 2590.701-3(a)(3)(iv) Example 3 and 45 CFR 146.111(a)(3)(iv) Example 3 for a conclusion that Issuer T is similarly prohibited from imposing a preexisting condition exclusion with respect to E.

Example 4. (i) Facts. A group health plan limits eligibility for coverage to full-time employees of Employer Y. Coverage becomes effective on the first day of the month following the date the employee becomes eligible. Employee C begins working full-time for Employer Y on April 11. Prior to this date, C worked part-time for Y. C enrolls in the plan and coverage is effective May 1.

(ii) Conclusion. In this Example 4, C’s enrollment date is April 11 and the period from April 11 through April 30 is a waiting period. The period while C was working part-time, and therefore not in an eligible class of employees, is not part of the waiting period.

Example 5. (i) Facts. To be eligible for coverage under a multiemployer group health plan in the current calendar quarter, the plan requires an individual to have worked 250 hours in covered employment during the previous quarter. If the hours requirement is satisfied, coverage becomes effective on the first day of the current calendar quarter. Employee D begins work on January 28 and does not work 250 hours in covered employment during the first quarter (ending March 31). D works at least 250 hours in the second quarter (ending June 30) and is enrolled in the plan with coverage effective July 1 (the first day of the third quarter).

(ii) Conclusion. In this Example 5, D’s enrollment date is the first day of the quarter during which D satisfies the hours requirement, which is April 1. The period from April 1 through June 30 is a waiting period.

(v) Late enrollee means an individual whose enrollment in a plan is a late enrollment.

(vi) (A) Late enrollment means enrollment of an individual under a group health plan other than—

1. On the earliest date on which coverage can become effective for the individual under the terms of the plan; or

2. Through special enrollment. (For rules relating to special enrollment, see §54.9801–6.)

(B) If an individual ceases to be eligible for coverage under the plan, and then subsequently becomes eligible for coverage under the plan, only the individual’s most recent period of eligibility is taken into account in determining whether the individual is a late enrollee under the plan with respect to the most recent period of coverage. Similar rules apply if an individual again becomes eligible for coverage following a suspension of coverage that applied generally under the plan.

(vii) Examples. The rules of paragraphs (a)(3)(v) and (vi) of this section are illustrated by the following examples:

Example 1. (i) Facts. Employee F first becomes eligible to be covered by Employer W’s group health plan on January 1, 1999 but elects not to enroll in the plan until a later annual open enrollment period, with coverage effective January 1, 2001. F has no special enrollment right at that time.

(ii) Conclusion. In this Example 1, F is a late enrollee with respect to F’s coverage that became effective under the plan on January 1, 2001.

Example 2. (i) Facts. Same facts as Example 1, except that F terminates employment with Employer W on July 1, 1999 without having had any health insurance coverage under the plan. F is rehired by Employer W on January 1, 2000 and is eligible for and elects coverage under Employer W’s plan effective on January 1, 2000.

(ii) Conclusion. In this Example 2, F would not be a late enrollee with respect to F’s coverage that became effective on January 1, 2000.

(b) Exceptions pertaining to preexisting condition exclusions—(1) Newborns—(i) In general. Subject to paragraph (b)(3) of this section, a group health plan may not impose any preexisting condition exclusion on a child who, within 30 days after birth, is covered under any creditable coverage. Accordingly, if a child is enrolled in a group health plan (or other creditable coverage) within 30 days after birth and subsequently enrolls in another group health plan without a significant break in coverage (as described in §54.9801–4(b)(2)(iii)), the
other plan may not impose any preexisting condition exclusion on the child.

(ii) Examples. The rules of this paragraph (b)(1) are illustrated by the following examples:

Example 1. (i) Facts. Individual E, who has no prior creditable coverage, begins working for Employer W and has accumulated 210 days of creditable coverage under Employer W’s group health plan on the date E gives birth to a child. Within 30 days after the birth, the child is enrolled in the plan. Ninety days after the birth, both E and the child terminate coverage under the plan. Both E and the child then experience a break in coverage of 45 days before E is hired by Employer X and the two are enrolled in Employer X’s group health plan.

(ii) Conclusion. In this Example 1, because E’s child is enrolled in Employer W’s plan within 30 days after birth, no preexisting condition exclusion may be imposed with respect to the child under Employer W’s plan. Likewise, Employer X’s plan may not impose any preexisting condition exclusion on E’s child because the child was covered under creditable coverage within 30 days after birth and had no significant break in coverage before enrolling in Employer X’s plan. On the other hand, because E had only 300 days of creditable coverage prior to E’s enrollment date in Employer X’s plan, Employer X’s plan may impose a preexisting condition exclusion on E for up to 65 days (66 days if the 12-month period after E’s enrollment date in X’s plan includes February 29).

Example 2. (i) Facts. Individual F is enrolled in a group health plan in which coverage is provided through a health insurance issuer. F gives birth. Under State law applicable to the health insurance issuer, health care expenses incurred for the child during the 30 days following birth are covered as part of F’s coverage. Although F may obtain coverage for the child beyond 30 days by timely requesting special enrollment and paying an additional premium, the issuer is prohibited under State law from recouping the cost of any expenses incurred for the child within the 30-day period if the child is not later enrolled.

(ii) Conclusion. In this Example 2, the child is covered under creditable coverage within 30 days after birth, regardless of whether the child enrolls as a special enrollee under the plan. Therefore, no preexisting condition exclusion may be imposed on the child unless the child has a significant break in coverage.

(2) Adopted children. Subject to paragraph (b)(3) of this section, a group health plan may not impose any preexisting condition exclusion on a child who is adopted or placed for adoption before attaining 18 years of age and who, within 30 days after the adoption or placement for adoption, is covered under any creditable coverage. Accordingly, if a child is enrolled in a group health plan (or other creditable coverage) within 30 days after adoption or placement for adoption and subsequently enrolls in another group health plan without a significant break in coverage (as described in §54.9801–4(b)(2)(iii)), the other plan may not impose any preexisting condition exclusion on the child. This rule does not apply to coverage before the date of such adoption or placement for adoption.

(3) Significant break in coverage. Paragraphs (b)(1) and (2) of this section no longer apply to a child after a significant break in coverage. (See §54.9801–4(b)(2)(iii) for rules relating to the determination of a significant break in coverage.)

(4) Special enrollment. For special enrollment rules relating to new dependents, see §54.9801–6(b).

(5) Pregnancy. A group health plan may not impose a preexisting condition exclusion relating to pregnancy.

(6) Genetic information.—(i) A group health plan may not impose a preexisting condition exclusion relating to a condition based solely on genetic information. However, if an individual is diagnosed with a condition, even if the condition relates to genetic information, the plan may impose a preexisting condition exclusion with respect to the condition, subject to the other limitations of this section.

(ii) The rules of this paragraph (b)(6) are illustrated by the following example:

Example. (i) Facts. Individual A enrolls in a group health plan that imposes a 12-month maximum preexisting condition exclusion. Three months before A’s enrollment, A’s doctor told A that, based on genetic information, A has a predisposition towards breast cancer. A was not diagnosed with breast cancer at any time prior to A’s enrollment date in the plan. Nine months after A’s enrollment date in the plan, A is diagnosed with breast cancer.

(ii) Conclusion. In this Example, the plan may not impose a preexisting condition exclusion with respect to A’s breast cancer because, prior to A’s enrollment date, A was not diagnosed with breast cancer.
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(c) General notice of preexisting condition exclusion. A group health plan imposing a preexisting condition exclusion must provide a written general notice of preexisting condition exclusion to participants under the plan and cannot impose a preexisting condition exclusion with respect to a participant or a dependent of the participant until such a notice is provided. (See 29 CFR 2590.701–3(c) and 45 CFR 146.111(c), which also impose this requirement on a health insurance issuer offering group health insurance coverage subject to a preexisting condition exclusion.)

(1) Manner and timing. A plan must provide the general notice of preexisting condition exclusion as part of any written application materials distributed by the plan for enrollment. If the plan does not distribute such materials, the notice must be provided by the earliest date following a request for enrollment that the plan, acting in a reasonable and prompt fashion, can provide the notice.

(2) Content. The general notice of preexisting condition exclusion must notify participants of the following:

(i) The existence and terms of any preexisting condition exclusion under the plan. This description includes the length of the plan’s look-back period (which is not to exceed 6 months under paragraph (a)(2)(i) of this section); the maximum preexisting condition exclusion period under the plan (which cannot exceed 12 months (or 18 months for late enrollees) under paragraph (a)(2)(ii) of this section); and how the plan will reduce the maximum preexisting condition exclusion period by creditable coverage (described in paragraph (a)(2)(iii) of this section).

(ii) A description of the rights of individuals to demonstrate creditable coverage, and any applicable waiting periods, through a certificate of creditable coverage (as required by § 54.9801–5(a), or through other means (as described in § 54.9801–5(c)). This must include a description of the right of the individual to request a certificate from a prior plan or issuer, if necessary, and a statement that the current plan will assist in obtaining a certificate from any prior plan or issuer, if necessary.

(iii) A person to contact (including an address or telephone number) for obtaining additional information or assistance regarding the preexisting condition exclusion.

(3) Duplicate notices not required. If a notice satisfying the requirements of this paragraph (c) is provided to an individual by another party, the plan’s obligation to provide a general notice of preexisting condition exclusion with respect to that individual is satisfied. (See 29 CFR 2590.701–3(c)(3) and 45 CFR 146.111(c)(3), which provide that the issuer’s obligation is similarly satisfied.)

(4) Example with sample language. The rules of this paragraph (c) are illustrated by the following example, which includes sample language that plans can use as a basis for preparing their own notices to satisfy the requirements of this paragraph (c):

Example. (i) Facts. A group health plan makes coverage effective on the first day of the first calendar month after hire and on each January 1 following an open season. The plan imposes a 12-month maximum preexisting condition exclusion (18 months for late enrollees) and uses a 6-month look-back period. As part of the enrollment application materials, the plan provides the following statement:

This plan imposes a preexisting condition exclusion. This means that if you have a medical condition before coming to our plan, you might have to wait a certain period of time before the plan will provide coverage for that condition. This exclusion applies only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received within a six-month period. Generally, this six-month period ends the day before your coverage becomes effective. However, if you were in a waiting period for coverage, the six-month period ends in the day before the waiting period begins. The preexisting condition exclusion does not apply to pregnancy nor to a child who is enrolled in the plan within 30 days after birth, adoption, or placement for adoption.

This exclusion may last up to 12 months (18 months if you are a late enrollee) from your first day of coverage, or, if you were in a waiting period, from the first day of your waiting period. However, you can reduce the length of this exclusion period by the number of days of your prior “creditable coverage.” Most prior health coverage is creditable coverage and can be used to reduce the preexisting condition exclusion if you have not experienced a break in coverage of at least 63 days. To reduce the 12-month (or 18-
(d) **Determination of creditable coverage**—(1) **Determination within reasonable time.** If a group health plan receives creditable coverage information under §54.9801–5, the plan is required, within a reasonable time following receipt of the information, to make a determination regarding the amount of the individual’s creditable coverage and the length of any exclusion that remains. Whether this determination is made within a reasonable time depends on the relevant facts and circumstances. Relevant facts and circumstances include whether a plan’s application of a preexisting condition exclusion would prevent an individual from having access to urgent medical care. (See 29 CFR 2590.701–3(d) and 45 CFR 146.111(d), which also impose this requirement on a health insurance issuer offering group health insurance coverage.)

(2) **No time limit on presenting evidence of creditable coverage.** A plan may not impose any limit on the amount of time that an individual has to present a certificate or other evidence of creditable coverage.

(3) **Example.** The rules of this paragraph (d) are illustrated by the following example:

   **Example.** (i) **Facts.** A group health plan imposes a preexisting condition exclusion period of 12 months. After receiving the general notice of preexisting condition exclusion, Individual H develops an urgent health condition before receiving a certificate of creditable coverage from H’s prior group health plan. H attests to the period of prior coverage, presents corroborating documentation of the coverage period, and authorizes the plan to request a certificate on H’s behalf in accordance with the rules of §54.9801–5.

   (ii) **Conclusion.** In this Example, the plan must review the evidence presented by H and make a determination of creditable coverage within a reasonable time that is consistent with the urgency of H’s health condition. (This determination may be modified as permitted under paragraph (f) of this section.)

   (e) **Individual notice of period of preexisting condition exclusion.** After an individual has presented evidence of creditable coverage and after the plan has made a determination of creditable coverage under paragraph (d) of this section, the plan must provide the individual a written notice of the length of preexisting condition exclusion that remains after offsetting for prior creditable coverage. This individual notice is not required to identify any medical conditions specific to the individual that could be subject to the exclusion. A plan is not required to provide this notice if the plan does not impose any preexisting condition exclusion on the individual or if the plan’s preexisting condition exclusion is completely offset by the individual’s prior creditable coverage. (See 29 CFR 2590.701–3(e) and 45 CFR 146.111(e), which also impose this requirement on a health insurance issuer offering group health insurance coverage.)

   (1) **Manner and timing.** The individual notice must be provided by the earliest date following a determination that the plan, acting in a reasonable and prompt fashion, can provide the notice.

   (2) **Content.** A plan must disclose—

   (i) Its determination of any preexisting condition exclusion period that applies to the individual (including the last day on which the preexisting condition exclusion applies);

   (ii) The basis for such determination, including the source and substance of any information on which the plan relied;

   (iii) An explanation of the individual’s right to submit additional evidence of creditable coverage; and

   (iv) A description of any applicable appeal procedures established by the plan.

   (3) **Duplicate notices not required.** If a notice satisfying the requirements of this paragraph (e) is provided to an individual by another party, the plan’s obligation to provide this individual notice of preexisting condition exclusion with respect to that individual is...
§ 54.9801–4  Rules relating to creditable coverage.

(a) General rules—(1) Creditable coverage. For purposes of this section, except as provided in paragraph (a)(2) of this section, the term creditable coverage means coverage of an individual under any of the following:

(i) A group health plan as defined in §54.9831–1(a).

(ii) Health insurance coverage as defined in §54.9801–2 (whether or not the entity offering the coverage is subject to Chapter 100 of Subtitle K, and without regard to whether the coverage is offered in the group market, the individual market, or otherwise).

(iii) Part A or B of Title XVIII of the Social Security Act (Medicare).

(iv) Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928 of the Social Security Act (the program for distribution of pediatric vaccines).

(v) Title 10 U.S.C. Chapter 55 (medical and dental care for members and certain former members of the uniformed services, and for their dependents; for purposes of Title 10 U.S.C. Chapter 55, uniformed services means the armed forces and the Commissioned Corps of the National Oceanic and Atmospheric Administration and of the Public Health Service).

(vi) A medical care program of the Indian Health Service or of a tribal organization.

(vii) A State health benefits risk pool. For purposes of this section, a State health benefits risk pool means—

(A) An organization qualifying under section 501(c)(26); (B) A qualified high risk pool described in section 2744(c)(2) of the PHS Act; or (C) Any other arrangement sponsored by a State, the membership composition of which is specified by the State and which is established and maintained primarily to provide health coverage for individuals who are residents of such State and who, by reason of the existence or history of a medical condition—

(1) Are unable to acquire medical care coverage for such condition through insurance or from an HMO, or (2) Are able to acquire such coverage only at a rate which is substantially in excess of the rate for such coverage through the membership organization.

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