

# HIPAA FAQ

## HIPAA

### What is HIPAA?

The **H**ealth **I**nsurance **P**ortability and **A**ccountability **A**ct (HIPAA) impacts a wide variety of features of the U.S. health care system. Its best known and most important provisions affect the portability of health coverage, and the privacy and security of individuals' personal health information.

### Group Health Plan Requirements

Under HIPAA, group health plans are subject to certain **nondiscrimination**, **special enrollment**, and **preexisting condition** requirements. These requirements are explained in detail below.

### Nondiscrimination Requirements

Under HIPAA, an individual cannot be denied eligibility for benefits or charged more for coverage because of any health factor. However, distinctions among groups of similarly situated participants in a health plan *may be permitted if they are based on bona-fide employment-based classifications consistent with the employer's usual business practice*.

### Health Factors

Under HIPAA, an individual cannot be denied eligibility for benefits or charged more for coverage because of any health factor. "Health factors" include:

- Health status
- Medical condition, including both physical and mental illnesses
- Claims experience
- Receipt of health care
- Medical history
- Genetic information
- Evidence of insurability
- Disability

### Bona-Fide Classifications May Be Permitted

According to federal regulations, distinctions among groups of similarly situated participants in a health plan based on **bona fide employment-based classifications** consistent with the employer's usual business practice may be permissible. For example, part-time and full-time employees, employees working in different geographic locations, and employees with different dates of hire or lengths of service can be treated as distinct groups of similarly situated individuals, with different eligibility provisions, different benefit restrictions, or different costs, provided the distinction is consistent with the employer's usual business practice. Please note, however, that such distinctions must still comply with other federal and state nondiscrimination laws.

### Special Enrollment Rights Provisions

Under HIPAA, certain events that happen to employees or their dependents trigger a right to "special enroll" in an employer-sponsored group health plan. Special enrollment allows individuals who previously declined health coverage to enroll in coverage **outside of a plan's open enrollment period**. Group health plans must make all employees eligible to enroll in the employer's group health plan aware of their special enrollment rights at or before the time an employee is initially offered the opportunity to enroll in the plan by distributing a Notice of Special Enrollment Rights.

For additional details on the special enrollment rights please see the Special Enrollment Rights FAQs.

### Pre-Existing Condition Exclusion Prohibition

The Affordable Care Act (ACA) prohibits plans from imposing preexisting condition exclusions. Previously, HIPAA limited these exclusions and required plans to offset preexisting condition exclusion periods if the individual had prior health coverage.