

November 9, 2010 www.mcvpr.com**HEALTH INSURANCE ALERT*****Phase One of the New Puerto Rico Health Insurance Code***

House Bill 2972 and its equivalent Senate Bill 1856 were recently filed as Fortuño Administration bills in the Puerto Rico Legislature. These are the first of several administration bills that will be filed to create the Health Insurance Code of Puerto Rico (the "Code") with the purpose of updating the regulatory framework surrounding health insurance and creating uniform standards and requirements in light of the federal Patient Protection and Affordable Care and Health Care and Education Reconciliation Acts (Federal Health Reform Laws).

The Code's fundamental objectives are seeking that all Puerto Rico citizens have access to more and better health services and promoting a higher growth and development of the health industry.

Its highlights are:

A. General Provisions

The Code will be applicable to health insurance organizations defined as any entity or insurer subject to the jurisdiction of the Commissioner of Insurance of Puerto Rico that is engaged in the business of providing health insurance. The Code will be complemented by the Insurance Code of Puerto Rico. No provision of the Insurance Code of Puerto Rico will be repealed unless clearly specified or if certain provision conflicts with the Code.

B. Compliance with Federal Laws and Limitations on Coverage

Any provision of this Code that is in conflict with any federal law or regulation applicable to Puerto Rico in the area of health or of health insurance shall be deemed amended to harmonize with such federal law or regulation.

No insurer that provides individual or group health insurance shall impose lifetime limits in the essential benefits covered in accordance with the Federal Health Reform Laws or unreasonable annual limits or establish prior referral or authorization requirements to obtain obstetrics and gynecologic services by participant providers; and from the year 2014 onward will not discriminate for preexistent medical conditions.

C. Individual Chapters:

1. *Handling of Prescription Drugs* - Provide standards to develop maintain and handle the prescription drugs forms and other procedures for the handling of the prescription drugs benefits established by the health insurance organizations.
2. *Examination of Claims Presented to the Health Insurance Organizations* – Standardization of the guidelines for the examinations of health care services presented to health insurance organizations, third-party administrators and other health plans.
3. *Health Insurance for Employers of Small and Medium Businesses* - Promote the availability of health insurance for the employers of small and medium enterprises (“PYMES”), regardless of the medical condition or experience on claims of their group of employees; prevent abusive pricing practices; prevent segmentation of health insurance based on health risk; require the disclosure of rates; establish rules regarding the renewal of health insurance; limit the use of exclusions for preexisting conditions; provide the development of basic and standard health insurance to be offered to all employers of PYMES; and provide for the establishment of a reinsurance program.
4. *Internal Procedures of Complaints from the Health Insurance Organizations* - Provide standards to establish and maintain the procedures to be followed by the health insurance organizations to ensure that covered persons have the opportunity to obtain a timely and appropriate resolution of their complaints.
5. *Coverage for Newborn and Adopted Children* – Provide uniform requirements for coverage to be provided by individual and group health insurance.
6. *Long Term Care Insurance* – Promote the availability of long term care insurance; establish standards and protect insureds of unfair practices.

For updates on this matter, you may contact any of the attorneys listed below, all members of our Insurance Practice Group:

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