

(1) INCLUDE COST-SHARING AND OTHER INCENTIVES TO HELP PREVENT CONSUMERS FROM SEEKING UNNECESSARY SERVICES;

(2) BALANCE THE EFFECT OF THE COST-SHARING IN REDUCING PREMIUMS AND IN AFFECTING UTILIZATION OF APPROPRIATE SERVICES; AND

(3) LIMIT THE TOTAL COST-SHARING THAT MAY BE INCURRED BY AN INDIVIDUAL IN A YEAR.

701.

(A) (1) ~~UNTIL SEPTEMBER 30, 1996~~ DECEMBER 31, 1994, CARRIERS MAY LIMIT COVERAGE UNDER ANY HEALTH BENEFIT PLAN UNDER A PREEXISTING CONDITION PROVISION, BUT ONLY FOR A PERIOD NOT EXCEEDING 6 MONTHS FROM THE EFFECTIVE DATE OF COVERAGE FOR ANY ENROLLEE, FOR ANY PREEXISTING CONDITION THAT EXISTED WITHIN THE 6 MONTHS PRECEDING THE DATE OF COVERAGE FOR THE ENROLLEE UNDER THE HEALTH BENEFIT PLAN.

(2) IN DETERMINING THE LENGTH OF TIME THAT A PREEXISTING CONDITION PROVISION APPLIES TO AN ELIGIBLE EMPLOYEE OR DEPENDENT, A HEALTH BENEFIT PLAN SHALL CREDIT THE TIME THE INDIVIDUAL WAS PREVIOUSLY COVERED BY PUBLIC OR PRIVATE HEALTH INSURANCE OR BY ANOTHER HEALTH BENEFIT ARRANGEMENT. AN INDIVIDUAL IS DEEMED TO HAVE BEEN PREVIOUSLY COVERED IF:

(I) AN INTERRUPTION OF NO MORE THAN 60 DAYS HAD OCCURRED FROM THE TIME THE INDIVIDUAL WAS COVERED BY ANY PUBLIC OR PRIVATE HEALTH INSURANCE OR BY ANOTHER HEALTH BENEFIT ARRANGEMENT UNTIL THE EFFECTIVE DATE OF THE NEW COVERAGE; OR

(II) AN INTERRUPTION OF NO MORE THAN 60 DAYS HAD OCCURRED FROM THE TIME THE INDIVIDUAL WAS COVERED BY ANY PUBLIC OR PRIVATE HEALTH INSURANCE OR BY ANOTHER HEALTH BENEFIT ARRANGEMENT UNTIL THE INDIVIDUAL BECAME AN ELIGIBLE EMPLOYEE WHO ELECTED TO ENROLL BUT AGAINST WHOM THE EMPLOYER IMPOSED A WAITING PERIOD PRIOR TO ENROLLMENT.

(3) AN EXCLUSION OF COVERAGE FOR PREEXISTING CONDITIONS MAY NOT BE APPLIED TO HEALTH CARE SERVICES FURNISHED FOR PREGNANCY OR NEWBORNS.

(4) ON AND AFTER ~~OCTOBER 1, 1996~~ JANUARY 1, 1995, A CARRIER MAY NOT LIMIT COVERAGE UNDER A HEALTH BENEFIT PLAN FOR A PREEXISTING CONDITION.

(B) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, A LATE ENROLLEE MAY BE SUBJECT TO A 12-MONTH PREEXISTING CONDITION PROVISION.

(C) A HEALTH BENEFIT PLAN THAT DOES NOT USE A PREEXISTING CONDITION PROVISION MAY IMPOSE ON ENROLLEES A WAITING PERIOD NOT TO EXCEED 30 DAYS BEFORE THE COVERAGE UNDER THE HEALTH BENEFIT PLAN IS