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Comments are being requested on this document on or before Friday, May 27. Comments should be sent to Jolie Matthews, by email only, to [jmatthews@naic.org](mailto:jmatthews@naic.org).

##### B. Hospital Indemnity or Other Fixed Indemnity Coverage

1. “Hospital indemnity or other fixed indemnity coverage” provides a benefit for hospital confinement or another health-related event based on a fixed dollar amount, regardless of the amount of expenses incurred, without coordination with any other health coverage, and consistent with the requirements for excepted benefits under 42 U.S.C. §300gg-91(c)(3) and its implementing regulations.
2. “Hospital indemnity coverage” may provide a single lump sum benefit for hospital confinement of not less than $[X], and/or a daily benefit for hospital confinement on an indemnity basis in an amount not less than $[X] per day and not less than thirty one (31) days during each period of confinement for each person insured under the policy.

(3) Coverage shall not be excluded due to a preexisting condition for a period greater than twelve (12) months following the effective date of coverage of an insured person unless the preexisting condition is specifically and expressly excluded.

**Drafting Notes:** Hospital indemnity or other fixed indemnity coverage is recognized as supplemental coverage. Any hospital indemnity or other fixed indemnity coverage, therefore, must be payable regardless of other coverage. The same general rule should apply so that group insurance cannot reduce its benefits because of the existence of hospital indemnity or other fixed indemnity coverage. Section 3H(4) of the *Coordination of Benefits Model Regulation* states that the definition of a plan (for the purposes of coordination of benefits)…shall not include individual or family insurance contracts….” States should consider using this language to prevent benefit reductions that could otherwise occur because of the existence of hospital indemnity or other fixed indemnity coverage purchased by the insured.

For indemnity products that are triggered by a variety of health events and provide a variety of daily benefit dollar amounts, regulators should examine the amount payable per day and the total amount payable per year or lifetime to determine whether an indemnity product’s benefits resemble comprehensive major medical coverage. Indemnity products should not be developed, marketed, or sold as a replacement for major medical coverage.