**Section 2001.7 Prohibition on Rescissions**

a) Prohibition on Rescissions

1) A group health plan, or a health insurance issuer offering group or individual health insurance coverage, must not rescind coverage under the plan, or under the policy, certificate, or contract of insurance, with respect to an individual (including a group to which the individual belongs or family coverage in which the individual is included) once the individual is covered under the plan or coverage, unless the individual (or a person seeking coverage on behalf of the individual) performs an act, practice or omission that constitutes fraud, or unless the individual makes an intentional misrepresentation of material fact, as prohibited by the terms of the plan or coverage. A group health plan, or a health insurance issuer offering group or individual health insurance coverage, must provide at least 30 days advance written notice to each participant (in the individual market, primary subscriber) who would be affected before coverage may be rescinded under this subsection (a)(1), regardless of, in the case of group coverage, whether the coverage is insured or self-insured, or whether the rescission applies to an entire group or only to an individual within the group. (This subsection (a)(1) applies regardless of any contestability period that may otherwise apply.)

2)For purposes of this Section, a rescission is a cancellation or discontinuance of coverage that has retroactive effect. For example, a cancellation that treats a policy as void from the time of the individual's or group's enrollment is a rescission. As another example, a cancellation that voids benefits paid up to a year before the cancellation is also a rescission for this purpose. A cancellation or discontinuance of coverage is not a rescission if:

A)The cancellation or discontinuance of coverage has only a prospective effect; or

B)The cancellation or discontinuance of coverage is effective retroactively to the extent it is attributable to a failure to timely pay required premiums or contributions towards the cost of coverage. (45 CFR 147.128)

3)This subsection (a) is illustrated by the examples appearing in 45 CFR 147.128.

b) Compliance with Other Requirements

Other requirements of federal or Illinois law may apply in connection with a rescission of coverage. (45 CFR 147.128)

c) Applicability Date

This Section applies for plan years (in the individual market, for policy years) beginning on or after September 23, 2010. See 45 CFR [147.140](http://www.law.cornell.edu/cfr/text/45/147.140) for determining the application of this Section to grandfathered health plans (providing that the rules regarding rescissions and advance notice apply to all grandfathered health plans). (45 CFR 147.128)

(Source: Added at 38 Ill. Reg. 2037, effective January 2, 2014)