

CHAPTER 29
CONTINUATION RIGHTS UNDER GROUP ACCIDENT
AND HEALTH INSURANCE POLICIES

191—29.1(509B) Definitions. As used in this chapter:

“*COBRA*” means the federal Consolidated Omnibus Budget Reconciliation Act, 29 U.S.C. §1161, that may allow an employee or member to temporarily keep health coverage.

“*Continuation right*” refers to the right under Iowa Code chapter 509B of an employee or member or the employee’s or member’s spouse and dependent children whose coverage under a group accident and health insurance policy would terminate because of termination of employment or membership or dissolution or annulment of marriage or death of the employee or member to continue their accident and sickness insurance under the policy for the period, and under the terms specified, in that chapter.

“*Employer*” means that person which provides group accident or health insurance to its employees, or former employees, or the dependents of such persons, regardless of whether the employer directly contracts with an insurance company for a policy or obtains insurance by virtue of its membership in an organization which is deemed to be a “group policyholder.”

“*Group policyholder*” means a person which both contracts with an insurance company for accident or health insurance policies and provides group accident or health insurance to individuals by virtue of their membership in an organization. An organization shall not be deemed to be a “group policyholder” to the extent that its members are “employers” and those “employers” in turn provide benefits to their employees and their dependents under the “employer’s” benefit plan. Hence, if an individual has group accident or health insurance by virtue of employment, all obligations fall on the “employer” even if that insurance is provided by virtue of the “employer’s” membership in an organization which is deemed to be a “group policyholder.”

“*Policy*” means the group accident and health insurance policy maintained by an employer or group policyholder for the employer’s employees or group policyholder’s members to implement the employer’s or group policyholder’s benefit plan for its employees or members.

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191—29.2(509B) Notice regarding continuation rights.

29.2(1) An employer or group policyholder must provide written notice of the continuation right arising by virtue of termination of employment or membership, other than the notice required by Iowa Code section 509B.3(7), no later than ten days after termination.

29.2(2) The employee or member shall make an election regarding continuation of coverage in writing within ten days of the later of the date the insurance coverage would cease by virtue of termination of employment or membership or the date the notice set forth in subrule 29.2(1) is given and pay the premiums for the continuation coverage within 31 days of the date the group insurance would otherwise terminate. Payment by the employee or member shall be made in advance of coverage commencing.

29.2(3) An employer or group policyholder need only give written notice of termination of continuation coverage by reason of nonpayment of premium by the employee or member once, in advance, to the employee or member in some general form such as the certificate of coverage referred to in section 509B.3(7).

29.2(4) In the event of a right to continuation coverage arising because of dissolution or annulment of marriage or death of the employee or member, the person eligible for continuation, who shall be the spouse or the custodial parent or legal guardian on behalf of a dependent child, must notify the employer or group policyholder of the occurrence of the event within 30 days after the dissolution or annulment of marriage or death of the employee or member. Within ten days of receipt of that notice, the employer or group policyholder shall give the person notice of the continuation right, and that person shall have ten days from the date the latter notice is received to elect continuation coverage in writing from the employer or group policyholder.

29.2(5) An election to continue coverage received by an employer or group policyholder from an employee or member or other eligible person shall be promptly transmitted to the issuer of the policy.

The issuer shall then cause coverage to be effective within ten days of receipt by the employer or group policyholder of the election, subject to receipt of the premium from the employee or member.

29.2(6) Notwithstanding subrule 29.2(5), continuation coverage shall run from the date of the qualifying event. An adequate premium to cover this period may be charged by an insurer.

191—29.3(509B) Qualifying events for continuation rights.

29.3(1) A dependent child ceasing to be a dependent of its parent or legal guardian is not an event qualifying for a continuation right.

29.3(2) Loss of continuation rights under COBRA, chapter 509B, or any other state group health insurance continuation law, is not an event qualifying for a continuation right.

29.3(3) Multiple qualifying events shall not be recognized under chapter 509B.

29.3(4) Voluntary termination of membership in an association shall not be a qualifying event.

191—29.4(509B) Interplay between chapter 509B and COBRA.

29.4(1) In the event an employee is eligible for a continuation right under Iowa Code chapter 509B and is also eligible for continuation of benefits from the employer under COBRA, an employer shall be deemed to comply with the requirements of chapter 509B if the employer offers to qualified beneficiaries the continuation right under COBRA. An election in favor of COBRA continuation shall satisfy the requirements of chapter 509B.

29.4(2) In lieu of, and as an alternative to the procedure set forth in subrule 29.4(1), the employer may give the employee continuation benefits, and charge the employee for continuation costs, on terms most favorable to the employee, as between chapter 509B and COBRA. For example, an employee could offer continuation for the period provided in COBRA — 18 months, as opposed to the 9 months under chapter 509B — but only at the cost to the employee allowable under chapter 509B — 100 percent of the per-employee cost, as opposed to the 102 percent per-employee cost allowable under COBRA.

191—29.5(509B) Effective date for compliance.

29.5(1) An insurer renewing an existing policy on or after July 1, 1987, shall provide a continuation right in its policy no later than the renewal date of the policy.

29.5(2) Policies issued or delivered on or after July 1, 1987, shall contain the continuation right as of the date of issuance or delivery.

These rules are intended to implement Iowa Code sections 509B.3 and 509B.5.

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