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COMMERCE AND REGULATION

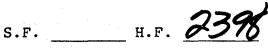
HOUSE FILE 2398 BY MURPHY

Passed	House,	Date	Passed	Senate,	Date	
Vote:	Ayes _	Nays	Vote:	Ayes	Nays	
•		Approved	· · · · · · · · · · · · · · · · · · ·			

A BILL FOR

1	An	Act	relati	ng to	the contin	nuation	of hea	lth car	re ben	efits up	pon
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3		rela	ted mat	tters.							
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RLCye 11



1 Section 1. Section 509B.3, Code 1995, is amended to read 2 as follows:

3 509B.3 CONTINUATION OF BENEFITS.

A group policy delivered or issued for delivery in this 5 state which insures employees or members for accident or 6 health insurance on an expense-incurred or service basis, 7 other than for specific diseases or for accidental injuries 8 only, shall provide that employees or members whose coverage 9 under the group policy would otherwise terminate because of 10 termination of employment or membership may continue their 11 accident or health insurance under that group policy, for 12 themselves and their eligible dependents, subject to all of 13 the group policy's terms and conditions applicable to those 14 forms of insurance and subject to all of the following condi-15 tions:

Continuation shall only be available to an employee or 16 1. 17 member if the employee or member was continuously insured un-18 der the group policy, and for similar benefits under any group 19 policy which it replaced, during the entire three-months+ 20 three-month period immediately preceding the termination. 21 Continuation shall not be available for a person who is 2. 22 or could be covered by medicare. Continuation shall not be 23 available for a person who is or is eligible to be covered by 24 another group insured or uninsured arrangement which provides 25 accident or health coverage, unless the person was covered by 26 that other group policy immediately prior to the termination. 3. Continuation may-exclude-dental-care7-vision-care7-or 27 28 prescription-drug-benefits-or-other-benefits-provided-under 29 the-group-policy-which-benefits-are-in-addition-to-accident-or 30 health-benefits shall include coverage which, as of the time 31 the coverage is being provided, is identical to the coverage 32 provided to similarly situated employees or members with 33 respect to whom a qualifying event has not occurred. 34 An employee or member who wishes continuation of

35 coverage must request continuation in writing to the employer

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1 or group policyholder within the ten-day sixty-day period 2 following the later of either of the following:

3 a. The date of the termination.

b. The date the employee is given notice of the right of
5 continuation as provided in section 509B.5 by either the em6 ployer or the group policyholder.

7 If proper notice is given, the employee or member is not 8 eligible to elect continuation more than thirty-one sixty days 9 after the date of termination.

10 5. An employee or member electing continuation shall pay 11 monthly to the employer or group policyholder, in advance, the 12 amount of contribution required by the employer or group 13 policyholder, but not more than the group rate otherwise due 14 for the insurance being continued under the group policy. If 15 proper notice is given, the election of continuation by the 16 employee or member together with the first contribution 17 required to establish contributions on a monthly basis in 18 advance, shall be given to the employer or group policyholder 19 within thirty-one sixty days of the date the group insurance 20 would otherwise terminate.

6. Continuation of insurance under the group policy for any person shall terminate when the person becomes eligible for medicare or another group insured or uninsured accident or health arrangement, or earlier, when any of the following first occurs:

26 a. Nine The later of the following:

27 (1) Eighteen months after the date the employee's or 28 member's insurance under the policy would otherwise have 29 terminated because of termination of employment or membership. 30 (2) Thirty-six months after the insurance under the policy 31 would otherwise have terminated, with respect to the surviving 32 or former spouse or children of an employee or member, because 33 of dissolution or annulment of the marriage of the employee or 34 member, or would have terminated because of the death of the 35 employee or member.

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b. At the end of the period for which contributions were made if the employee or member fails to make timely payment of a required contribution and if proper notice is given as provided in section 509B.5, subsection 2.

5 c. If Notwithstanding paragraph "a", subparagraph (2), if
6 the person covered is a former spouse, upon the former
7 spouse's remarriage.

8 d. The date on which the group policy is terminated or, in 9 the case of an employee, the date the employer terminates 10 participation under the group policy. However, if this para-11 graph applies and the coverage which would cease because of 12 the employer's termination is replaced by similar coverage 13 under a different group policy, all of the following apply: The employee, member, spouse, or eligible dependent 14 (1)15 may become covered under the different group policy, for the 16 balance of the period that the employee or member would have 17 remained covered under the prior group policy had a termina-18 tion of the group policy as specified in paragraph "d" not 19 occurred.

(2) (2) The minimum level of benefits to be provided by the 21 different group policy shall be the applicable level of bene-22 fits of the prior group policy, reduced by any benefits pay-23 able under the prior group policy.

(3) The prior group policy shall continue to provide bene25 fits to the extent of its accrued liabilities and extensions
26 of benefits as if the prior group policy had not been replaced
27 by the different group policy.

7. A notification of the continuation privilege shall be included with or in each certificate of coverage and as otherwise provided in section 509B.5 and shall contain the limits for requesting the continued coverage.

32 8. The spouse of an employee or member, and any covered 33 dependent children of the employee or member, whose coverage 34 under the group policy would otherwise terminate because of 35 dissolution or annulment of marriage or death of the employee

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or member shall have the same contribution and notice
 responsibilities and privileges as provided under this chapter
 to the employee or member upon termination of employment or
 membership.

EXPLANATION

6 This bill amends section 509B.3 relating to the 7 continuation of group health insurance upon termination of 8 employment or membership of an individual covered under an 9 existing group policy.

10 The bill provides that continuation of coverage shall 11 include coverage which is identical to the coverage provided 12 to similarly situated beneficiaries with respect to whom a 13 qualifying event has not occurred. Currently, continuation 14 may exclude dental care, vision care, or prescription drug 15 benefits or other benefits provided under a group policy which 16 are in addition to accident and health benefits.

17 The bill increases the time period during which an employee 18 or member may opt for continuation of coverage from 10 to 60 19 days following the later of the date of termination or the 20 date the employee is given notice of the right of continuation 21 by either the employer or the group policyholder. The bill 22 increases the time period during which continuation of 23 benefits is available from nine months to 18 months after the 24 employee's or member's insurance would otherwise have 25 terminated because of termination of employment or membership, 26 and provides that such continuation, with respect to the 27 surviving spouse or former spouse or children of the employee 28 or member, is for a maximum time period of 36 months after 29 coverage would have otherwise terminated because of the 30 dissolution or annulment of the marriage of the employee or 31 member, or would have terminated because of the death of the 32 employee or member.

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