

FEB 28 1996  
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 relating to the continuation of health care benefits upon  
2 the termination of employment or membership, and providing for  
3 related matters.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

3 509B.3 CONTINUATION OF BENEFITS.

4 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:

16 1. Continuation shall only be available to an employee or  
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~~<sup>+</sup>  
20 three-month period immediately preceding the termination.

21 2. Continuation shall not be available for a person who is  
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.

27 3. Continuation ~~may-exclude-dental-care, vision-care, or~~  
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 4. An employee or member who wishes continuation of  
35 coverage must request continuation in writing to the employer

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.

4 b. The date the employee is given notice of the right of  
5 continuation as provided in section 509B.5 by either the em-  
6 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.

21 6. Continuation of insurance under the group policy for  
22 any person shall terminate when the person becomes eligible  
23 for medicare or another group insured or uninsured accident or  
24 health arrangement, or earlier, when any of the following  
25 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.

1 b. At the end of the period for which contributions were  
2 made if the employee or member fails to make timely payment of  
3 a required contribution and if proper notice is given as  
4 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:

14 (1) The employee, member, spouse, or eligible dependent  
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.

20 (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.

24 (3) The prior group policy shall continue to provide bene-  
25 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.

28 7. A notification of the continuation privilege shall be  
29 included with or in each certificate of coverage and as  
30 otherwise provided in section 509B.5 and shall contain the  
31 time 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

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

5 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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