Senate Bill 87

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Amends state law to be consistent with federal law regarding continuation of group health insurance coverage following termination of employment or other qualifying event. Allows spouse and dependent child to elect continuation of coverage independent of covered person. Requires insurers to provide notice of availability of continuation of coverage to eligible individuals under certain circumstances.

Declares emergency, effective on passage.

1	Α	BILL	FOR	AN	ACT

- 2 Relating to group health insurance policy continuation; creating new provisions; amending ORS
- 3 743.601 and 743.610 and sections 2 and 6, chapter 73, Oregon Laws 2009; repealing sections 2
- and 5, chapter 73, Oregon Laws 2009; and declaring an emergency.
- 5 Be It Enacted by the People of the State of Oregon:
- 6 **SECTION 1.** ORS 743.610 is amended to read:
- 743.610. (1) As used in this section and section 2, chapter 73, Oregon Laws 2009:
- 8 (a) "Covered person" means an individual who was a certificate holder under a group 9 health insurance policy:
 - (A) On the day before a qualifying event; and
 - (B) During the three-month period ending on the date of the qualifying event.
 - (b) "Qualified beneficiary" means:
 - (A) A spouse or dependent child of a covered person who, on the day before a qualifying event, was insured under the covered person's group health insurance policy; or
 - (B) A child born to or adopted by a covered person during the period of the continuation of coverage under this section who would have been insured under the covered person's policy if the child had been born or adopted on the day before the qualifying event.
- 18 (c) "Qualifying event" means the loss of membership in a group health insurance policy 19 caused by:
 - (A) Voluntary or involuntary termination of the employment of a covered person;
 - (B) A reduction in hours worked by a covered person;
 - (C) A covered person becoming eligible for Medicare;
 - (D) A qualified beneficiary losing dependent child status under a covered person's group health insurance policy;
- 25 (E) Termination of membership in the group covered by the group health insurance pol-26 icv: or
- 27 **(F) The death of a covered person.**
 - [(1)] (2) A group health insurance policy providing coverage for hospital or medical expenses,

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other than coverage limited to expenses from accidents or specific diseases, must contain a provision that [certificate holders whose coverage under the policy otherwise would terminate because of termination of employment or membership may continue coverage under the policy for themselves and their eligible dependents as provided in this section] a covered person and any qualified beneficiary may continue coverage under the policy as provided in this section.

- [(2) Continuation of coverage is available only to a certificate holder who has been insured continuously under the policy or similar predecessor policy during the three-month period ending on the date of the termination of employment or membership.]
- (3) Continuation of coverage is not available to a [certificate holder] covered person or qualified beneficiary who is eligible for:
 - (a) [Federal] Medicare [coverage]; or

- (b) Coverage for hospital or medical expenses under any other program [which was not covering the certificate holder immediately before the certificate holder's termination of employment or membership] that was not covering the covered person or qualified beneficiary on the day before a qualifying event.
- (4) The continued coverage need not include benefits for dental, vision care or prescription drug expense, or any other benefits under the policy [additional to] **other than** hospital and medical expense benefits.
- (5) Except as provided by rule by the Director of the Department of Consumer and Business Services under section 2, chapter 73, Oregon Laws 2009, [a certificate holder who has terminated employment or membership and who wishes to continue coverage must request continuation in writing:]
- [(a) not later than 10 days after the later of the date on which employment or membership terminated and the date on which the employer or group policyholder gave the certificate holder notice of the right to continue coverage; and]
- [(b) Not more than 31 days after the date of termination of employment or membership.] a covered person or qualified beneficiary who wishes to continue coverage must provide the insurer with a written request for continuation no later than 10 days after the later of the date of a qualifying event or the date the insurer provides the notice required by subsection (10) of this section.
- (6) A [certificate holder] covered person or qualified beneficiary who requests continuation of coverage shall pay the premium on a monthly basis and in advance[, as provided in this subsection. The certificate holder shall pay the premium] to the insurer or to the employer or policyholder, whichever the group policy provides. The required premium payment may not exceed the group premium rate for the insurance being continued under the group policy as of the date the premium payment is due. [Except as otherwise provided by rule by the director under section 2, chapter 73, Oregon Laws 2009, the certificate holder must pay the first premium not later than 31 days after the date on which the certificate holder's coverage under the policy otherwise would end.]
- (7) Except as otherwise provided by rule by the director under section 2, chapter 73, Oregon Laws 2009, continuation of coverage as provided under this section ends on the earliest of the following dates:
- [(a) Nine months after the date on which the certificate holder's coverage under the policy otherwise would have ended because of termination of employment or membership.]
- [(b) The end of the period for which the certificate holder last made timely premium payment, if the certificate holder fails to make timely payment of a required premium payment.]

- [(c) The premium payment due date coinciding with or next following the date the certificate holder becomes eligible for federal Medicare coverage.]
- [(d) The date on which the policy is terminated or the certificate holder's employer terminates participation under the policy. However, if the employer replaces the coverage which is terminating for the certificate holder with similar coverage under another group policy:]
- [(A) The certificate holder may obtain coverage under the replacement group policy for the balance of the period that the certificate holder would have remained covered under the replaced group policy under this section;]
- [(B) The replacement group policy must provide, at a minimum, the applicable level of benefits of the replaced policy reduced by any benefits still payable under that policy; and]
- [(C) The replaced policy must continue to provide benefits to the certificate holder to the extent of that policy's accrued liabilities and extensions of benefits as if the replacement had not occurred.]
- (a) Nine months after the date of the qualifying event that was the basis for the continuation of coverage.
- (b) The end of the period for which the last timely premium payment for the coverage is received by the insurer.
- (c) The premium payment due date coinciding with or next following the date that continuation of coverage ceases to be available in accordance with subsection (3) of this section.
- (d) The date that the policy is terminated. However, if the certificate holder replaces the terminated policy with similar coverage under another group health insurance policy:
- (A) The covered person and qualified beneficiaries may obtain coverage under the replacement policy for the balance of the period that the covered person or qualified beneficiary would have remained covered under the terminated policy in accordance with this section; and
- (B) The terminated policy must continue to provide benefits to the covered person and qualified beneficiaries to the extent of that policy's accrued liabilities and extensions of benefits as if the replacement had not occurred.
 - [(8) The group health insurance policy must contain a provision that:]
- [(a) The surviving spouse of a certificate holder, if any, who is not eligible for continuation of coverage under ORS 743.600 may continue coverage under the policy, at the death of the certificate holder, with respect to the spouse and any dependent children whose coverage under the policy otherwise would terminate because of the death, in the same manner that a certificate holder may exercise the right under this section.]
- [(b) The spouse of a certificate holder, if any, who is not eligible for continuation of coverage under ORS 743.600 may continue coverage under the policy, upon dissolution of marriage with the certificate holder, with respect to the spouse and any children whose coverage under the policy otherwise would terminate because of the dissolution of marriage, in the same manner that a certificate holder may exercise the right under this section.]
- [(c) A spouse who requests continuation of coverage under this subsection must pay the premium for the spouse and any dependent children, on a monthly basis and in advance, as provided in this paragraph. The spouse shall pay the premium to the insurer or to the employer or policyholder, whichever the group policy provides. The required premium payment under this subsection may not exceed the group premium rate, for the insurance being continued under the group policy, as of the date the premium payment is due.]
 - (8) A qualified beneficiary who is not eligible for continuation of coverage under ORS

743.600 may continue coverage under this section upon the dissolution of marriage with or the death of the covered person in the same manner that a covered person may exercise the right to continue coverage under this section.

- (9) [A certificate holder who has terminated employment by reason of layoff may not be subject upon any rehire that occurs within nine months of the time of the layoff to any waiting period prerequisite to] A covered person rehired by an employer no later than nine months after the layoff of the covered person by the employer may not be subjected to a waiting period for coverage under the employer's group health insurance policy if the [certificate holder] covered person was eligible for coverage at the time of the [termination] layoff, [and] regardless of whether the [certificate holder] covered person continued coverage during the layoff.
- (10) If an insurer terminates the group health insurance coverage of a covered person or qualified beneficiary without providing replacement coverage that meets the criteria in subsection (7)(d) of this section, the insurer shall provide written notice to the covered person and any qualified beneficiary no later than 10 days after the insurer is notified of the qualifying event under subsection (5) of this section. The notice shall include at least the following information:
 - (a) Contact information for the insurer;

- (b) Forms necessary to request continuation of coverage and instructions for completing the forms;
- (c) Information sufficient to determine premium rates for continuation of coverage and instructions for paying premiums;
 - (d) A clear statement of who is eligible to continue coverage;
 - (e) Information about alternative coverage offered by the employer or group;
- (f) An explanation of the process to appeal a denial of a claim under the continuation of coverage;
- (g) Information, in a form approved by the director, about how to contact the consumer advocacy unit of the Insurance Division of the Department of Consumer and Business Services; and
 - (h) Other information required by the director.
- [(10)] (11) This section applies only to employers who are not required to make available continuation of health insurance benefits under Titles X and XXII of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, P.L. 99-272, April 7, 1986.
- **SECTION 2.** ORS 743.610, as amended by section 4, chapter 73, Oregon Laws 2009, is amended to read:
 - 743.610. (1) As used in this section:
 - (a) "Covered person" means an individual who was a certificate holder under a group health insurance policy:
 - (A) On the day before a qualifying event; and
 - (B) During the three-month period ending on the date of the qualifying event.
 - (b) "Qualified beneficiary" means:
 - (A) A spouse or dependent child of a covered person who, on the day before a qualifying event, was insured under the covered person's group health insurance policy; or
 - (B) A child born to or adopted by a covered person during the period of the continuation of coverage under this section who would have been insured under the covered person's policy if the child had been born or adopted on the day before the qualifying event.

- (c) "Qualifying event" means the loss of membership in a group health insurance policy caused by:
 - (A) Voluntary or involuntary termination of the employment of a covered person;
- (B) A reduction in hours worked by a covered person;
 - (C) A covered person becoming eligible for Medicare;
 - (D) A qualified beneficiary losing dependent child status under a covered person's group health insurance policy;
- (E) Termination of membership in the group covered by the group health insurance policy; or
 - (F) The death of a covered person.

- [(1)] (2) A group health insurance policy providing coverage for hospital or medical expenses, other than coverage limited to expenses from accidents or specific diseases, must contain a provision that [certificate holders whose coverage under the policy otherwise would terminate because of termination of employment or membership may continue coverage under the policy for themselves and their eligible dependents as provided in this section] a covered person and any qualified beneficiary may continue coverage under the policy as provided in this section.
- [(2) Continuation of coverage is available only to a certificate holder who has been insured continuously under the policy or similar predecessor policy during the three-month period ending on the date of the termination of employment or membership.]
- (3) Continuation of coverage is not available to a [certificate holder] covered person or qualified beneficiary who is eligible for:
 - (a) [Federal] Medicare [coverage]; or
- (b) Coverage for hospital or medical expenses under any other program [which was not covering the certificate holder immediately before the certificate holder's termination of employment or membership] that was not covering the covered person or qualified beneficiary on the day before a qualifying event.
- (4) The continued coverage need not include benefits for dental, vision care or prescription drug expense, or any other benefits under the policy [additional to] **other than** hospital and medical expense benefits.
- (5) [A certificate holder who has terminated employment or membership and who wishes to continue coverage must request continuation in writing:] A covered person or qualified beneficiary who wishes to continue coverage must provide the insurer with a written request for continuation no later than 10 days after the later of the date of a qualifying event or the date the insurer provides the notice required by subsection (10) of this section.
- [(a) Not later than 10 days after the later of the date on which employment or membership terminated and the date on which the employer or group policyholder gave the certificate holder notice of the right to continue coverage; and]
 - [(b) Not more than 31 days after the date of termination of employment or membership.]
- (6) A [certificate holder] covered person or qualified beneficiary who requests continuation of coverage shall pay the premium on a monthly basis and in advance[, as provided in this subsection. The certificate holder shall pay the premium] to the insurer or to the employer or policyholder, whichever the group policy provides. The required premium payment may not exceed the group premium rate for the insurance being continued under the group policy as of the date the premium payment is due. [The certificate holder must pay the first premium not later than 31 days after the date on which the certificate holder's coverage under the policy otherwise would end.]

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- (7) Continuation of coverage as provided under this section ends on the earliest of the following dates:
- [(a) Nine months after the date on which the certificate holder's coverage under the policy otherwise would have ended because of termination of employment or membership.]
- [(b) The end of the period for which the certificate holder last made timely premium payment, if the certificate holder fails to make timely payment of a required premium payment.]
- [(c) The premium payment due date coinciding with or next following the date the certificate holder becomes eligible for federal Medicare coverage.]
- [(d) The date on which the policy is terminated or the certificate holder's employer terminates participation under the policy. However, if the employer replaces the coverage which is terminating for the certificate holder with similar coverage under another group policy:]
- [(A) The certificate holder may obtain coverage under the replacement group policy for the balance of the period that the certificate holder would have remained covered under the replaced group policy under this section;]
- [(B) The replacement group policy must provide, at a minimum, the applicable level of benefits of the replaced policy reduced by any benefits still payable under that policy; and]
- [(C) The replaced policy must continue to provide benefits to the certificate holder to the extent of that policy's accrued liabilities and extensions of benefits as if the replacement had not occurred.]
- (a) Nine months after the date of the qualifying event that was the basis for the continuation of coverage.
- (b) The end of the period for which the last timely premium payment for the coverage is received by the insurer.
- (c) The premium payment due date coinciding with or next following the date that continuation of coverage ceases to be available in accordance with subsection (3) of this section.
- (d) The date that the policy is terminated. However, if the certificate holder replaces the terminated policy with similar coverage under another group health insurance policy:
- (A) The covered person and qualified beneficiaries may obtain coverage under the replacement policy for the balance of the period that the covered person or qualified beneficiary would have remained covered under the terminated policy in accordance with this section; and
- (B) The terminated policy must continue to provide benefits to the covered person and qualified beneficiaries to the extent of that policy's accrued liabilities and extensions of benefits as if the replacement had not occurred.
 - [(8) The group health insurance policy must contain a provision that:]
- [(a) The surviving spouse of a certificate holder, if any, who is not eligible for continuation of coverage under ORS 743.600 may continue coverage under the policy, at the death of the certificate holder, with respect to the spouse and any dependent children whose coverage under the policy otherwise would terminate because of the death, in the same manner that a certificate holder may exercise the right under this section.]
- [(b) The spouse of a certificate holder, if any, who is not eligible for continuation of coverage under ORS 743.600 may continue coverage under the policy, upon dissolution of marriage with the certificate holder, with respect to the spouse and any children whose coverage under the policy otherwise would terminate because of the dissolution of marriage, in the same manner that a certificate holder may exercise the right under this section.]
 - [(c) A spouse who requests continuation of coverage under this subsection must pay the premium

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- for the spouse and any dependent children, on a monthly basis and in advance, as provided in this paragraph. The spouse shall pay the premium to the insurer or to the employer or policyholder, whichever the group policy provides. The required premium payment under this subsection may not exceed the group premium rate, for the insurance being continued under the group policy, as of the date the premium payment is due.]
- (8) A qualified beneficiary who is not eligible for continuation of coverage under ORS 743.600 may continue coverage under this section upon the dissolution of marriage with or the death of the covered person in the same manner that a covered person may exercise the right to continue coverage under this section.
- (9) [A certificate holder who has terminated employment by reason of layoff may not be subject upon any rehire that occurs within nine months of the time of the layoff to any waiting period prerequisite to] A covered person rehired by an employer no later than nine months after the layoff of the covered person by the employer may not be subjected to a waiting period for coverage under the employer's group health insurance policy if the [certificate holder] covered person was eligible for coverage at the time of the [termination] layoff, [and] regardless of whether the [certificate holder] covered person continued coverage during the layoff.
- (10) If an insurer terminates the group health insurance coverage of a covered person or qualified beneficiary without providing replacement coverage that meets the criteria in subsection (7)(d) of this section, the insurer shall provide written notice to the covered person and any qualified beneficiary no later than 10 days after the insurer is notified of the qualifying event under subsection (5) of this section. The notice shall include at least the following information:
 - (a) Contact information for the insurer;

- (b) Forms necessary to request continuation of coverage and instructions for completing the forms;
- (c) Information sufficient to determine premium rates for continuation of coverage and instructions for paying premiums;
 - (d) A clear statement of who is eligible to continue coverage;
 - (e) Information about alternative coverage offered by the employer or group;
- (f) An explanation of the process to appeal a denial of a claim under the continuation of coverage;
- (g) Information, in a form approved by the Director of the Department of Consumer and Business Services, about how to contact the consumer advocacy unit of the Insurance Division of the Department of Consumer and Business Services; and
 - (h) Other information required by the director.
- [(10)] (11) This section applies only to employers who are not required to make available continuation of health insurance benefits under Titles X and XXII of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, P.L. 99-272, April 7, 1986.

SECTION 3. ORS 743.601 is amended to read:

- 743.601. (1) As used in subsections (1) to (6) of this section, "plan administrator" means:
- (a) The person designated as the plan administrator by the instrument under which the group health insurance plan is operated; or
 - (b) If no plan administrator is designated, the plan sponsor.
 - (2) Within 60 days of legal separation or the entry of a judgment of dissolution of marriage, a legally separated or divorced spouse eligible for continued coverage under ORS 743.600 who seeks

- such coverage shall give the plan administrator written notice of the legal separation or dissolution. The notice shall include the mailing address of the legally separated or divorced spouse.
- (3) Within 30 days of the death of a [certificate holder] covered person whose surviving spouse is eligible for continued coverage under ORS 743.600, the group policyholder shall give the plan administrator written notice of the death and of the mailing address of the surviving spouse.
- (4) Within 14 days of receipt of notice under subsection (2) or (3) of this section, the plan administrator shall notify the legally separated, divorced or surviving spouse that the policy may be continued. The notice shall be mailed to the mailing address provided to the plan administrator and shall include:
 - (a) A form for election to continue the coverage;

- (b) A statement of the amount of periodic premiums to be charged for the continuation of coverage and of the method and place of payment; and
- (c) Instructions for returning the election form by mail within 60 days after the date of mailing of the notice by the plan administrator.
- (5) Failure of the legally separated, divorced or surviving spouse to exercise the election in accordance with subsection (4) of this section shall terminate the right to continuation of benefits.
- (6) If a plan administrator fails to notify the legally separated, divorced or surviving spouse as required by subsection (4) of this section, premiums shall be waived from the date the notice was required until the date notice is received by the legally separated, divorced or surviving spouse.
- (7) The provisions of ORS 743.600 to [743.602] **743.610** apply only to employers with 20 or more employees and group health insurance plans with 20 or more [certificate holders] enrollees on a typical business day during the preceding calendar year.

SECTION 4. Section 2, chapter 73, Oregon Laws 2009, is amended to read:

- **Sec. 2.** (1) Notwithstanding the limitations of ORS 743.610, the Director of the Department of Consumer and Business Services by rule may extend the period of time during which coverage is available to a [certificate holder] covered person or qualified beneficiary and may open a new period of time during which a [certificate holder] covered person or qualified beneficiary may request continuation of [health benefit coverage under the state continuation of benefits program] coverage as described in ORS 743.610 if:
- (a) The establishment of the extension [and] **or** new request period is in response to and consistent with federal legislation relating to the continuation of [health benefit] coverage; and
- (b) The director finds that the rule is necessary to take advantage of a benefit provided to insurers, employers or employees by the federal legislation relating to the continuation of [health benefit] coverage.
- (2) The rules adopted by the director under subsection (1) of this section may include but need not be limited to:
 - (a) Changes to the maximum period of coverage;
- (b) Adoption of notice requirements for insurers, plan administrators, employers, group policyholders [and certificate holders], covered persons and qualified beneficiaries;
- (c) Criteria to determine if a [certificate holder] covered person or qualified beneficiary is eligible for a benefit;
- (d) Procedures to allow an additional opportunity [to request continuation coverage under ORS 743.610 (5) to a certificate holder whose employment was involuntarily terminated between September 1, 2008, and the effective date of this 2009 Act] for the covered person or qualified beneficiary to request continuation of coverage under ORS 743.610 if the employment of the covered person

was involuntarily terminated between	September 1	, 2008	, and Ma	v 31	, 2010:
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- (e) Any necessary extension of the time by which the [certificate holder] covered person or qualified beneficiary must pay the first premium as required under ORS 743.610; and
- (f) Any necessary extension of the time by which the [certificate holder] covered person or qualified beneficiary must request or elect continuation of coverage.
 - SECTION 5. Section 5, chapter 73, Oregon Laws 2009, is repealed.
 - SECTION 6. Section 6, chapter 73, Oregon Laws 2009, is amended to read:
- Sec. 6. (1) The amendments to ORS 743.610 by section 4, chapter 73, Oregon Laws 2009, [of this 2009 Act] become operative on January 2, 2012.
 - (2) Section 2, chapter 73, Oregon Laws 2009, as amended by section 4 of this 2011 Act, is repealed on January 2, 2012.
 - SECTION 7. The amendments to ORS 743.610 by sections 1 and 2 of this 2011 Act apply to group health insurance policies issued or renewed before, on or after the effective date of this 2011 Act.
 - <u>SECTION 8.</u> This 2011 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect on its passage.

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