

House Bill 3073

Sponsored by Representative FREDERICK; Representatives BARTON, DOHERTY, GREENLICK, KOMP

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**.

Specifies condition under which insurer is exempt from requirement to notify insured in writing of cancellation due to nonpayment of premium. Requires insurer to continue coverage under policy until proper notice is received by policyholder or certificate holder.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to notice of cancellation of health insurance policies; creating new provisions; amending
3 ORS 743.499 and 743.560; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 743.499, as amended by section 1, chapter 24, Oregon Laws 2012, is amended
6 to read:

7 743.499. (1) As used in this section, "health benefit plan" has the meaning given that term in
8 ORS 743.730.

9 (2) An insurer shall notify a policyholder in writing if the insurer cancels or does not renew the
10 policyholder's individual health benefit plan. The notice shall be sent to the policyholder's last-
11 known mailing address by first class mail in a specially marked envelope or, if the policyholder has
12 elected to receive communications from the insurer electronically, to the policyholder's last-known
13 electronic mail address using a mechanism that will confirm delivery to the address.

14 (3) If the cancellation or nonrenewal results in a refund to the policyholder of all or part of a
15 premium, the insurer must mail with the refund a written explanation that includes:

- 16 (a) The effective date of the cancellation;
17 (b) The reason for the cancellation; and
18 (c) The time period to which the refund is applicable.

19 (4) For any cancellation or nonrenewal due to a reported death of the policyholder, the insurer
20 must:

- 21 (a) Confirm the accuracy of the reported death.
22 (b) If the death is confirmed:

23 (A) Provide any dependents covered by the plan with information about how to continue cover-
24 age or obtain alternative coverage; and

25 (B) Issue any refund that is due to the estate of the deceased in accordance with subsection (3)
26 of this section.

27 (5) If an insurer cancels or does not renew an individual health benefit plan and fails to comply
28 with the requirements of this section, the insurer shall continue the coverage under the plan for the
29 policyholder and any dependents covered by the plan until the date that the insurer has complied
30 with the requirements of this section. The insurer shall waive any premiums owed for the period

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 during which the coverage was continued under this subsection and shall process all claims incurred
 2 by the policyholder or any covered dependents according to the terms of the plan.

3 (6) This section does not apply:

4 (a) To a cancellation requested by the policyholder if the insurer documents the request and
 5 confirms the request with the policyholder;

6 (b) To a cancellation or nonrenewal that results from a policyholder making a change in cov-
 7 erage with the same insurer; or

8 (c) To a cancellation due to nonpayment of premium **if the insurer has provided notice in**
 9 **accordance with ORS 743.565.**

10 **SECTION 2.** ORS 743.560 is amended to read:

11 743.560. (1) A group health insurance policy shall contain a provision allowing a minimum grace
 12 period of 10 days after the premium due date for payment of premium.

13 (2) An insurer of a group health insurance policy providing coverage for hospital or medical
 14 expenses, other than coverage limited to expenses from accidents or specific diseases, that seeks to
 15 terminate a policy for nonpayment of premium shall notify the policyholder as described in ORS
 16 743.565.

17 (3) An insurer of a group health insurance policy providing coverage for hospital or medical
 18 expenses, other than coverage limited to expenses from accidents or specific diseases, shall notify
 19 the group policyholder when the policy is terminated and the coverage is not replaced by the group
 20 policyholder. The notice required under this subsection:

21 (a) Must be given on a form prescribed by the Department of Consumer and Business Services;

22 (b) Must explain the rights of the certificate holders regarding continuation of coverage pro-
 23 vided by federal and state law and portability coverage in accordance with ORS 743.760; and

24 (c) Must be given by mail and must be mailed not later than 10 working days after the date on
 25 which the group policy terminates according to the terms of the policy.

26 (4) A group health insurance policy to which subsection (3) of this section applies shall contain
 27 a provision requiring the insurer to notify the group policyholder when the policy is terminated and
 28 the coverage is not replaced by the group policyholder. Each certificate issued under the policy
 29 shall also contain a statement of the provision required under this subsection.

30 (5) If an insurer fails to give notice as required by **subsection (2) or (3) of** this section, the
 31 insurer shall continue the group health insurance policy of the group policyholder in full force from
 32 the date notice should have been provided until the date that the notice is received by the
 33 policyholder and shall waive the premiums owing for the period for which the coverage is continued
 34 under this subsection. The time period within which the certificate holder may exercise any right
 35 to continuation or portability shall commence on the date that the policyholder receives the notice.

36 (6) The insurer shall supply the employer holding the terminated policy with the necessary in-
 37 formation for the employer to be able to notify properly the employee of the employee's right to
 38 continuation of coverage under state and federal law and portability coverage in accordance with
 39 ORS 743.760.

40 **SECTION 3. The amendments to ORS 743.499 and 743.560 by sections 1 and 2 of this 2013**
 41 **Act apply to policies or certificates issued or renewed on or after the effective date of this**
 42 **2013 Act.**

43 **SECTION 4. This 2013 Act being necessary for the immediate preservation of the public**
 44 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
 45 **on its passage.**

