



House of Representatives

General Assembly

File No. 46

February Session, 2004

Substitute House Bill No. 5202

House of Representatives, March 15, 2004

The Committee on Insurance and Real Estate reported through REP. OREFICE of the 37th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE EXTENSION OF GROUP HEALTH INSURANCE BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-554 of the general statutes, as amended by
2 section 1 of public act 03-77, is repealed and the following is
3 substituted in lieu thereof (*Effective from passage*):

4 A group comprehensive health care plan shall contain the minimum
5 standard benefits prescribed in section 38a-553, as amended, and shall
6 also conform in substance to the requirements of this section.

7 (a) The plan shall be one under which the individuals eligible to be
8 covered include: (1) Each eligible employee; (2) the spouse of each
9 eligible employee, who shall be considered a dependent for the
10 purposes of this section; and (3) dependent unmarried children, who
11 are under the age of nineteen or are full-time students under the age of
12 twenty-three at an accredited institution of higher learning.

13 (b) The plan shall provide the option to continue coverage under
14 each of the following circumstances until the individual is eligible for
15 other group insurance, except as provided in subdivisions (3) and (4)
16 of this subsection: (1) Notwithstanding any provision of this section,
17 upon layoff, reduction of hours, leave of absence [] or termination of
18 employment, other than as a result of death of the employee or as a
19 result of [such] the employee's "gross misconduct" as that term is used
20 in 29 USC 1163(2), continuation of coverage for [such] the employee
21 and [such] the employee's covered dependents for the periods set forth
22 for such event under federal extension requirements established by the
23 federal Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L.
24 99-272), as amended from time to time, (COBRA), except that if upon
25 such layoff, reduction of hours, leave of absence or termination of
26 employment [results from an employee's eligibility to receive Social
27 Security income, continuation of] the employee is sixty-two years of
28 age or older, the plan shall provide the option for the employee to
29 continue coverage for [such] the employee and [such] the employee's
30 covered dependents until midnight of the day preceding [such
31 person's] the employee's eligibility for benefits under Title XVIII of the
32 federal Social Security Act, or until the employee is eligible for other
33 group insurance, whichever occurs first; (2) upon the death of the
34 employee, continuation of coverage for the covered dependents of
35 [such] the employee for the periods set forth for such event under
36 federal extension requirements established by the Consolidated
37 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended
38 from time to time, (COBRA); (3) regardless of the employee's or
39 dependent's eligibility for other group insurance, during an
40 employee's absence due to illness or injury, continuation of coverage
41 for [such] the employee and [such] the employee's covered dependents
42 during continuance of such illness or injury or for up to twelve months
43 from the beginning of such absence; (4) regardless of an individual's
44 eligibility for other group insurance, upon termination of the group
45 plan, coverage for covered individuals who were totally disabled on
46 the date of termination shall be continued without premium payment
47 during the continuance of such disability for a period of twelve

48 calendar months following the calendar month in which the plan was
49 terminated, provided claim is submitted for coverage within one year
50 of the termination of the plan; (5) the coverage of any covered
51 individual shall terminate: (A) As to a child, the plan shall provide the
52 option for said child to continue coverage for the longer of the
53 following periods: (i) At the end of the month following the month in
54 which the child marries, ceases to be dependent on the employee or
55 attains the age of nineteen, whichever occurs first, except that if the
56 child is a full-time student at an accredited institution, the coverage
57 may be continued while the child remains unmarried and a full-time
58 student, but not beyond the month following the month in which the
59 child attains the age of twenty-three. If on the date specified for
60 termination of coverage on a dependent child, the child is unmarried
61 and incapable of self-sustaining employment by reason of mental or
62 physical handicap and chiefly dependent upon the employee for
63 support and maintenance, the coverage on such child shall continue
64 while the plan remains in force and the child remains in such
65 condition, provided proof of such handicap is received by the carrier
66 within thirty-one days of the date on which the child's coverage would
67 have terminated in the absence of such incapacity. The carrier may
68 require subsequent proof of the child's continued incapacity and
69 dependency but not more often than once a year thereafter, or (ii) for
70 the periods set forth for such child under federal extension
71 requirements established by the Consolidated Omnibus Budget
72 Reconciliation Act of 1985 (P.L. 99-272), as amended from time to time,
73 (COBRA); (B) as to the employee's spouse, at the end of the month
74 following the month in which a divorce, court-ordered annulment or
75 legal separation is obtained, whichever is earlier, except that the plan
76 shall provide the option for said spouse to continue coverage for the
77 periods set forth for such events under federal extension requirements
78 established by the Consolidated Omnibus Budget Reconciliation Act of
79 1985 (P.L. 99-272), as amended from time to time, (COBRA); and (C) as
80 to the employee or dependent who is sixty-five years of age or older,
81 as of midnight of the day preceding such person's eligibility for
82 benefits under Title XVIII of the federal Social Security Act; (6) as to

83 any other event listed as a "qualifying event" in 29 USC 1163, as
84 amended from time to time, continuation of coverage for [such] the
85 periods set forth for such event in 29 USC 1162, as amended from time
86 to time, provided such plan may require the individual whose
87 coverage is to be continued to pay up to the percentage of the
88 applicable premium as specified for such event in 29 USC 1162, as
89 amended from time to time. Any continuation of coverage required by
90 this section except subdivision (4) or (6) of this subsection may be
91 subject to the requirement, on the part of the individual whose
92 coverage is to be continued, that such individual contribute that
93 portion of the premium the individual would have been required to
94 contribute had the employee remained an active covered employee,
95 except that the individual may be required to pay up to one hundred
96 two per cent of the entire premium at the group rate if coverage is
97 continued in accordance with subdivision (1), (2) or (5) of this
98 subsection. The employer shall not be legally obligated by sections 38a-
99 505, 38a-546 and 38a-551 to 38a-559, inclusive, as amended, to pay such
100 premium if not paid timely by the employee.

101 (c) The commissioner shall adopt regulations, in accordance with
102 chapter 54, concerning coordination of benefits between the plan and
103 other health insurance plans.

104 (d) The plan shall make available to Connecticut residents, in
105 addition to any other conversion privilege available, a conversion
106 privilege under which coverage shall be available immediately upon
107 termination of coverage under the group plan. The terms and benefits
108 offered under the conversion benefits shall be at least equal to the
109 terms and benefits of an individual comprehensive health care plan.

110 Sec. 2. Section 38a-546 of the general statutes is repealed and the
111 following is substituted in lieu thereof (*Effective from passage*):

112 (a) In order to assure reasonable continuation of coverage and
113 extension of benefits to the citizens of this state, each group health
114 insurance policy, regardless of the number of insureds, providing
115 coverage of the type specified in subdivisions (1), (2), (3), (4), (11) and

116 (12) of section 38a-469, delivered, issued for delivery, renewed or
117 continued in this state on or after October 1, 1997, shall, subject to the
118 provisions of subsection (d), contain [those provisions described in
119 subsections (b) and (d) of section 38a-554] the provisions set forth in
120 this subsection. The plan shall provide the option to continue coverage
121 under each of the following circumstances until the individual is
122 eligible for other group insurance, except as provided in subdivisions
123 (3) and (4) of this subsection: (1) Notwithstanding any provision of this
124 section, upon layoff, reduction of hours, leave of absence or
125 termination of employment, other than as a result of death of the
126 employee or as a result of the employee's "gross misconduct" as that
127 term is used in 29 USC 1163(2), continuation of coverage for the
128 employee and the employee's covered dependents for the periods set
129 forth for such event under federal extension requirements established
130 by the federal Consolidated Omnibus Budget Reconciliation Act of
131 1985 (P.L. 99-272), as amended from time to time, (COBRA), except
132 that if upon such layoff, reduction of hours, leave of absence or
133 termination of employment the employee is sixty-two years of age or
134 older, the plan shall provide the option for the employee to continue
135 coverage for the employee and the employee's covered dependents
136 until midnight of the day preceding the employee's eligibility for
137 benefits under Title XVIII of the federal Social Security Act, or until the
138 employee is eligible for other group insurance, whichever occurs first;
139 (2) upon the death of the employee, continuation of coverage for the
140 covered dependents of the employee for the periods set forth for such
141 event under federal extension requirements established by the
142 Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272),
143 as amended from time to time, (COBRA); (3) regardless of the
144 employee's or dependent's eligibility for other group insurance, during
145 an employee's absence due to illness or injury, continuation of
146 coverage for the employee and the employee's covered dependents
147 during continuance of such illness or injury or for up to twelve months
148 from the beginning of such absence; (4) regardless of an individual's
149 eligibility for other group insurance, upon termination of the group
150 plan, coverage for covered individuals who were totally disabled on

151 the date of termination shall be continued without premium payment
152 during the continuance of such disability for a period of twelve
153 calendar months following the calendar month in which the plan was
154 terminated, provided claim is submitted for coverage within one year
155 of the termination of the plan; (5) the coverage of any covered
156 individual shall terminate: (A) As to a child, the plan shall provide the
157 option for said child to continue coverage for the longer of the
158 following periods: (i) At the end of the month following the month in
159 which the child marries, ceases to be dependent on the employee or
160 attains the age of nineteen, whichever occurs first, except that if the
161 child is a full-time student at an accredited institution, the coverage
162 may be continued while the child remains unmarried and a full-time
163 student, but not beyond the month following the month in which the
164 child attains the age of twenty-three. If on the date specified for
165 termination of coverage on a dependent child, the child is unmarried
166 and incapable of self-sustaining employment by reason of mental or
167 physical handicap and chiefly dependent upon the employee for
168 support and maintenance, the coverage on such child shall continue
169 while the plan remains in force and the child remains in such
170 condition, provided proof of such handicap is received by the carrier
171 within thirty-one days of the date on which the child's coverage would
172 have terminated in the absence of such incapacity. The carrier may
173 require subsequent proof of the child's continued incapacity and
174 dependency but not more often than once a year thereafter, or (ii) for
175 the periods set forth for such child under federal extension
176 requirements established by the Consolidated Omnibus Budget
177 Reconciliation Act of 1985 (P. L. 99-272), as amended from time to time,
178 (COBRA); (B) as to the employee's spouse, at the end of the month
179 following the month in which a divorce, court-ordered annulment or
180 legal separation is obtained, whichever is earlier, except that the plan
181 shall provide the option for said spouse to continue coverage for the
182 periods set forth for such events under federal extension requirements
183 established by the Consolidated Omnibus Budget Reconciliation Act of
184 1985 (P.L. 99-272), as amended from time to time, (COBRA); and (C) as
185 to the employee or dependent who is sixty-five years of age or older,

186 as of midnight of the day preceding such person's eligibility for
187 benefits under Title XVIII of the federal Social Security Act; (6) as to
188 any other event listed as a "qualifying event" in 29 USC 1163, as
189 amended from time to time, continuation of coverage for the periods
190 set forth for such event in 29 USC 1162, as amended from time to time,
191 provided such plan may require the individual whose coverage is to be
192 continued to pay up to the percentage of the applicable premium as
193 specified for such event in 29 USC 1162, as amended from time to time.
194 Any continuation of coverage required by this section except
195 subdivision (4) or (6) of this subsection may be subject to the
196 requirement, on the part of the individual whose coverage is to be
197 continued, that such individual contribute that portion of the premium
198 the individual would have been required to contribute had the
199 employee remained an active covered employee, except that the
200 individual may be required to pay up to one hundred two per cent of
201 the entire premium at the group rate if coverage is continued in
202 accordance with subdivision (1), (2) or (5) of this subsection. The
203 employer shall not be legally obligated by this section to pay such
204 premium if not paid timely by the employee. The plan shall make
205 available to Connecticut residents, in addition to any other conversion
206 privilege available, a conversion privilege under which coverage shall
207 be available immediately upon termination of coverage under the
208 group plan. The benefits offered under the conversion benefits shall be
209 at least equal to the benefits of the comprehensive health care plan set
210 forth in subsection (h) of section 38a-553.

211 (b) In any case of the discontinuance of a group health insurance
212 policy and the subsequent replacement of such coverage with another
213 such policy, the succeeding carrier, in applying any deductible,
214 coinsurance or waiting period provisions in its plan, shall give credit
215 for the satisfaction or partial satisfaction of the same or similar
216 provisions under a prior plan providing similar benefits. In the case of
217 deductible or coinsurance provisions, the credit shall apply for the
218 same or overlapping benefit periods and shall be given for expenses
219 actually incurred and applied against the deductible or coinsurance
220 provisions of the prior carrier's plan during the ninety days preceding

221 the effective date of the succeeding carrier's plan but only to the extent
222 these expenses are recognized under the terms of the succeeding
223 carrier's plan and are subject to a similar deductible or coinsurance
224 provision.

225 (c) The commissioner shall adopt regulations, in accordance with
226 [the provisions of] chapter 54, [covering] concerning group coverage
227 discontinuance and replacement.

228 (d) Nothing in this section shall alter or impair existing group
229 policies which have been established pursuant to an agreement which
230 resulted from collective bargaining, and the provisions required by
231 this section shall become effective upon the next regular renewal and
232 completion of such collective bargaining agreement.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill would not result in a fiscal impact on the state or municipalities since the cost of the continued health insurance coverage under the bill is borne by the individual that is insured.

OLR Bill Analysis

sHB 5202

AN ACT CONCERNING THE EXTENSION OF GROUP HEALTH INSURANCE BENEFITS**SUMMARY:**

This bill revises the circumstances under which group health insurance plans must offer continuation of coverage to employees who may otherwise lose coverage. It eliminates the requirement that health insurance plans, following an employee's termination, leave of absence, or reduction in work hours resulting from the employee's eligibility for Social Security income, continue group plan coverage for the employee and his covered dependents until the employee is eligible for Medicare. Instead, the bill requires group health insurance plans delivered, issued for delivery, or renewed in this state on or after its effective date to give an employee age 62 years or older who terminates employment, is laid off, takes a leave of absence, or reduces work hours the option to continue group plan coverage for the employee and his covered dependents until (1) midnight of the day before the employee becomes eligible for Medicare or (2) he is eligible for other group insurance, whichever happens first.

EFFECTIVE DATE: Upon passage

BACKGROUND***Medicare***

Medicare (Title XVIII of the federal Social Security Act) provides certain health insurance benefits for the aged and disabled. Someone age 65 or older is eligible for Medicare. A person who is disabled or has permanent kidney failure is eligible for Medicare at any age. A person who has received Social Security disability benefits for 24 months is eligible for Medicare. Someone with Lou Gherig's disease is eligible for Medicare in the same month in which he is entitled to receive Social Security disability benefits.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 18 Nay 0