



House of Representatives

General Assembly

File No. 772

January Session, 2007

Substitute House Bill No. 6055

House of Representatives, May 7, 2007

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT EXTENDING HEALTH INSURANCE COVERAGE FOR DEPENDENT CHILDREN.

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

- 1 Section 1. Section 38a-497 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):
3
4 (a) ~~[Every]~~ Each individual health insurance policy providing
5 coverage of the type specified in subdivisions (1), (2), (4), (6), (10), (11)
6 and (12) of section 38a-469 delivered, issued for delivery, amended or
7 renewed in this state on or after ~~[October 1, 1982]~~ January 1, 2008, shall
8 provide that coverage of a child of the policyholder shall terminate no
9 earlier than the policy anniversary date on or after whichever of the
10 following occurs first, the date on which the child marries [, ceases to
11 be a dependent of the policyholder, attains the age of nineteen if the
12 child is not a full-time student at an accredited institution,] or attains
13 the age of twenty-three if the child is a full-time or part-time student at
14 an accredited institution.

15 (b) Each individual health insurance policy providing coverage of
16 the type specified in subdivisions (1), (2), (4), (6), (10), (11) and (12) of
17 section 38a-469 delivered, issued for delivery, amended or renewed in
18 this state on or after January 1, 2008, shall, at the option of the
19 policyholder, provide coverage of a child who is not covered under
20 subsection (a) of this section, provided the child is: (1) under twenty-
21 five years of age, (2) unmarried, (3) a resident of this state or is enrolled
22 as a full-time or part-time student at an accredited institution, and (4)
23 not offered or provided coverage under a health benefits plan
24 sponsored or arranged by the child's own employer. The insurer,
25 health care center or other entity providing coverage under this
26 subsection may charge the policyholder an additional premium for
27 such coverage if the policyholder elects such coverage.

28 Sec. 2. (NEW) (*Effective October 1, 2007*) (a) Each group health
29 insurance policy providing coverage of the type specified in
30 subdivisions (1), (2), (4), (6), (10), (11) and (12) of section 38a-469 of the
31 general statutes delivered, issued for delivery, amended or renewed in
32 this state on or after January 1, 2008, shall provide coverage of a child
33 of the insured shall terminate no earlier than the date on or after
34 whichever of the following occurs first, the date on which the child
35 marries or attains the age of twenty-three if the child is a full-time or
36 part-time student at an accredited institution.

37 (b) Each group health insurance policy providing coverage of the
38 type specified in subdivisions (1), (2), (4), (6), (10), (11) and (12) of
39 section 38a-469 of the general statutes delivered, issued for delivery,
40 amended or renewed in this state on or after January 1, 2008, shall, at
41 the option of the insured, provide coverage of a child who is not
42 covered under subsection (a) of this section, provided the child is: (1)
43 Under twenty-five years of age, (2) unmarried, (3) a resident of this
44 state or is enrolled as a full-time or part-time student at an accredited
45 institution, and (4) not offered or provided coverage under a health
46 benefits plan sponsored or arranged by the child's own employer. The
47 insurer, health care center or other entity providing coverage under
48 this subsection may charge the insured an additional premium for

49 such coverage if the insured elects such coverage.

50 (c) Each group health insurance policy providing coverage of the
51 type specified in subdivisions (1), (2), (4), (6), (10), (11) and (12) of
52 section 38a-469 of the general statutes delivered, issued for delivery,
53 amended or renewed in this state on or after January 1, 2008, shall
54 provide the option to continue coverage under each of the following
55 circumstances until the individual is eligible for other group insurance,
56 except as provided in subdivisions (3) and (4) of this subsection: (1)
57 Notwithstanding any provision of this section, upon layoff, reduction
58 of hours, leave of absence or termination of employment, other than as
59 a result of death of the employee or as a result of such employee's
60 "gross misconduct" as that term is used in 29 USC 1163(2), continuation
61 of coverage for such employee and such employee's covered
62 dependents for the periods set forth for such event under federal
63 extension requirements established by the federal Consolidated
64 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended
65 from time to time, (COBRA), except that if such reduction of hours,
66 leave of absence or termination of employment results from an
67 employee's eligibility to receive Social Security income, continuation of
68 coverage for such employee and such employee's covered dependents
69 until midnight of the day preceding such person's eligibility for
70 benefits under Title XVIII of the Social Security Act; (2) upon the death
71 of the employee, continuation of coverage for the covered dependents
72 of such employee for the periods set forth for such event under federal
73 extension requirements established by the Consolidated Omnibus
74 Budget Reconciliation Act of 1985 (P.L. 99-272), as amended from time
75 to time, (COBRA); (3) regardless of the employee's or dependent's
76 eligibility for other group insurance, during an employee's absence
77 due to illness or injury, continuation of coverage for such employee
78 and such employee's covered dependents during continuance of such
79 illness or injury or for up to twelve months from the beginning of such
80 absence; (4) regardless of an individual's eligibility for other group
81 insurance, upon termination of the group policy, coverage for covered
82 individuals who were totally disabled on the date of termination shall
83 be continued without premium payment during the continuance of

84 such disability for a period of twelve calendar months following the
85 calendar month in which the policy was terminated, provided claim is
86 submitted for coverage within one year of the termination of the
87 policy; (5) the coverage of any covered individual shall terminate: (A)
88 As to a child, the policy shall provide the option for said child to
89 continue coverage for the longer of the following periods: (i) At the
90 end of the month following the month in which the child marries or
91 attains the age of twenty-three if the child is a full-time or part-time
92 student at an accredited institution or attains the age of twenty-five if
93 the child is a resident of this state or enrolled as a full-time or part-time
94 student at an accredited institution and is not offered or provided
95 coverage under a health benefits plan sponsored or arranged by the
96 child's own employer. If on the date specified for termination of
97 coverage on a child of the policyholder, the child is unmarried and
98 incapable of self-sustaining employment by reason of mental or
99 physical handicap and chiefly dependent upon the employee for
100 support and maintenance, the coverage on such child shall continue
101 while the policy remains in force and the child remains in such
102 condition, provided proof of such handicap is received by the carrier
103 within thirty-one days of the date on which the child's coverage would
104 have terminated in the absence of such incapacity. The carrier may
105 require subsequent proof of the child's continued incapacity and
106 dependency but not more often than once a year thereafter, or (ii) for
107 the periods set forth for such child under federal extension
108 requirements established by the Consolidated Omnibus Budget
109 Reconciliation Act of 1985 (P.L. 99-272), as amended from time to time,
110 (COBRA); (B) as to the employee's spouse, at the end of the month
111 following the month in which a divorce, court-ordered annulment or
112 legal separation is obtained, whichever is earlier, except that the policy
113 shall provide the option for said spouse to continue coverage for the
114 periods set forth for such events under federal extension requirements
115 established by the Consolidated Omnibus Budget Reconciliation Act of
116 1985 (P.L. 99-272), as amended from time to time, (COBRA); and (C) as
117 to the employee or dependent who is sixty-five years of age or older,
118 as of midnight of the day preceding such person's eligibility for

119 benefits under Title XVIII of the federal Social Security Act; (6) as to
120 any other event listed as a "qualifying event" in 29 USC 1163, as
121 amended from time to time, continuation of coverage for such periods
122 set forth for such event in 29 USC 1162, as amended from time to time,
123 provided such policy may require the individual whose coverage is to
124 be continued to pay up to the percentage of the applicable premium as
125 specified for such event in 29 USC 1162, as amended from time to time.
126 Any continuation of coverage required by this section except
127 subdivision (4) or (6) of this subsection may be subject to the
128 requirement, on the part of the individual whose coverage is to be
129 continued, that such individual contribute that portion of the premium
130 the individual would have been required to contribute had the
131 employee remained an active covered employee, except that the
132 individual may be required to pay up to one hundred two per cent of
133 the entire premium at the group rate if coverage is continued in
134 accordance with subdivision (1), (2) or (5) of this subsection. The
135 employer shall not be legally obligated by sections 38a-505, 38a-546
136 and 38a-551 to 38a-559, inclusive, of the general statutes to pay such
137 premium if not paid timely by the employee. The policy shall make
138 available to residents of this state, in addition to any other conversion
139 privilege available, a conversion privilege under which coverage shall
140 be available immediately upon termination of coverage under the
141 group policy. The terms and benefits offered under the conversion
142 benefits shall be at least equal to the terms and benefits of an
143 individual comprehensive health care policy. For the purposes of this
144 subsection, "dependent" means the spouse and children of an eligible
145 employee.

146 Sec. 3. Section 38a-554 of the general statutes is repealed and the
147 following is substituted in lieu thereof (*Effective October 1, 2007*):

148 A group comprehensive health care plan shall contain the minimum
149 standard benefits prescribed in section 38a-553 and shall also conform
150 in substance to the requirements of this section.

151 (a) The plan shall be one under which the individuals eligible to be

152 covered include: (1) Each eligible employee; (2) the spouse of each
153 eligible employee; [, who shall be considered a dependent for the
154 purposes of this section;] and (3) [dependent] unmarried children, [,
155 who are under the age of nineteen or are full-time students under the
156 age of twenty-three at an accredited institution of higher learning] to
157 the same extent as provided in subsections (a) and (b) of section 2 of
158 this act.

159 (b) The plan shall provide the option to continue coverage under
160 [each of] the [following] circumstances [until the individual is eligible
161 for other group insurance, except as provided in subdivisions (3) and
162 (4) of this subsection: (1) Notwithstanding any provision of this
163 section, upon layoff, reduction of hours, leave of absence, or
164 termination of employment, other than as a result of death of the
165 employee or as a result of such employee's "gross misconduct" as that
166 term is used in 29 USC 1163(2), continuation of coverage for such
167 employee and such employee's covered dependents for the periods set
168 forth for such event under federal extension requirements established
169 by the federal Consolidated Omnibus Budget Reconciliation Act of
170 1985 (P.L. 99-272), as amended from time to time, (COBRA), except
171 that if such reduction of hours, leave of absence or termination of
172 employment results from an employee's eligibility to receive Social
173 Security income, continuation of coverage for such employee and such
174 employee's covered dependents until midnight of the day preceding
175 such person's eligibility for benefits under Title XVIII of the Social
176 Security Act; (2) upon the death of the employee, continuation of
177 coverage for the covered dependents of such employee for the periods
178 set forth for such event under federal extension requirements
179 established by the Consolidated Omnibus Budget Reconciliation Act of
180 1985 (P.L. 99-272), as amended from time to time, (COBRA); (3)
181 regardless of the employee's or dependent's eligibility for other group
182 insurance, during an employee's absence due to illness or injury,
183 continuation of coverage for such employee and such employee's
184 covered dependents during continuance of such illness or injury or for
185 up to twelve months from the beginning of such absence; (4)
186 regardless of an individual's eligibility for other group insurance, upon

187 termination of the group plan, coverage for covered individuals who
188 were totally disabled on the date of termination shall be continued
189 without premium payment during the continuance of such disability
190 for a period of twelve calendar months following the calendar month
191 in which the plan was terminated, provided claim is submitted for
192 coverage within one year of the termination of the plan; (5) the
193 coverage of any covered individual shall terminate: (A) As to a child,
194 the plan shall provide the option for said child to continue coverage for
195 the longer of the following periods: (i) At the end of the month
196 following the month in which the child marries, ceases to be
197 dependent on the employee or attains the age of nineteen, whichever
198 occurs first, except that if the child is a full-time student at an
199 accredited institution, the coverage may be continued while the child
200 remains unmarried and a full-time student, but not beyond the month
201 following the month in which the child attains the age of twenty-three.
202 If on the date specified for termination of coverage on a dependent
203 child, the child is unmarried and incapable of self-sustaining
204 employment by reason of mental or physical handicap and chiefly
205 dependent upon the employee for support and maintenance, the
206 coverage on such child shall continue while the plan remains in force
207 and the child remains in such condition, provided proof of such
208 handicap is received by the carrier within thirty-one days of the date
209 on which the child's coverage would have terminated in the absence of
210 such incapacity. The carrier may require subsequent proof of the
211 child's continued incapacity and dependency but not more often than
212 once a year thereafter, or (ii) for the periods set forth for such child
213 under federal extension requirements established by the Consolidated
214 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended
215 from time to time, (COBRA); (B) as to the employee's spouse, at the
216 end of the month following the month in which a divorce, court-
217 ordered annulment or legal separation is obtained, whichever is
218 earlier, except that the plan shall provide the option for said spouse to
219 continue coverage for the periods set forth for such events under
220 federal extension requirements established by the Consolidated
221 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended

222 from time to time, (COBRA); and (C) as to the employee or dependent
223 who is sixty-five years of age or older, as of midnight of the day
224 preceding such person's eligibility for benefits under Title XVIII of the
225 federal Social Security Act; (6) as to any other event listed as a
226 "qualifying event" in 29 USC 1163, as amended from time to time,
227 continuation of coverage for such periods set forth for such event in 29
228 USC 1162, as amended from time to time, provided such plan may
229 require the individual whose coverage is to be continued to pay up to
230 the percentage of the applicable premium as specified for such event in
231 29 USC 1162, as amended from time to time. Any continuation of
232 coverage required by this section except subdivision (4) or (6) of this
233 subsection may be subject to the requirement, on the part of the
234 individual whose coverage is to be continued, that such individual
235 contribute that portion of the premium the individual would have
236 been required to contribute had the employee remained an active
237 covered employee, except that the individual may be required to pay
238 up to one hundred two per cent of the entire premium at the group
239 rate if coverage is continued in accordance with subdivision (1), (2) or
240 (5) of this subsection. The employer shall not be legally obligated by
241 sections 38a-505, 38a-546 and 38a-551 to 38a-559, inclusive, to pay such
242 premium if not paid timely by the employee] specified in subsection
243 (c) of section 2 of this act.

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

247 (d) The plan shall make available to Connecticut residents, in
248 addition to any other conversion privilege available, a conversion
249 privilege [under which coverage shall be available immediately upon
250 termination of coverage under the group plan. The terms and benefits
251 offered under the conversion benefits shall be at least equal to the
252 terms and benefits of an individual comprehensive health care plan] as
253 provided under subsection (c) of section 2 of this act.

254 Sec. 4. Section 38a-482 of the general statutes is repealed and the

255 following is substituted in lieu thereof (*Effective October 1, 2007*):

256 No individual health insurance policy shall be delivered or issued
257 for delivery to any person in this state unless: (1) The entire money and
258 other considerations therefor are expressed therein; (2) the time at
259 which the insurance takes effect and terminates is expressed therein;
260 (3) such policy purports to insure only one person, except that a policy
261 may insure, originally or by subsequent amendment, upon the
262 application of an adult member of a family, who shall be deemed the
263 policyholder, any two or more eligible members of such family,
264 including husband, wife, dependent children or any children [under a
265 specified age, which shall not exceed eighteen years] as specified in
266 section 38a-497, as amended by this act, and any other person
267 dependent upon the policyholder; (4) the style, arrangement and
268 overall appearance of the policy give no undue prominence to any
269 portion of the text, and every printed portion of the text of the policy
270 and of any endorsements or attached papers is plainly printed in light-
271 faced type of a style in general use, the size of which shall be uniform
272 and not less than ten-point with a lowercase unspaced alphabet length
273 not less than one hundred and twenty-point, the word "text" as herein
274 used including all printed matter except the name and address of the
275 insurer, name or title of the policy, the brief description, if any, and
276 captions and subcaptions; (5) the exceptions and reductions of
277 indemnity are set forth in the policy and, except as provided in section
278 38a-483, are printed, at the insurer's option, either included with the
279 benefit provision to which they apply, or under an appropriate caption
280 such as "EXCEPTIONS" or "EXCEPTIONS AND REDUCTIONS",
281 provided, if an exception or reduction specifically applies only to a
282 particular benefit of the policy, a statement of such exception or
283 reduction shall be included with the benefit provision to which it
284 applies; (6) each such form, including riders and endorsements, shall
285 be identified by a form number in the lower left-hand corner of the
286 first page thereof; and (7) such policy contains no provision purporting
287 to make any portion of the charter, rules, constitution or bylaws of the
288 insurer a part of the policy unless such portion is set forth in full in the
289 policy, except in the case of the incorporation of, or reference to, a

290 statement of rates or classification of risks, or short-rate table filed with
291 the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	38a-497
Sec. 2	<i>October 1, 2007</i>	New section
Sec. 3	<i>October 1, 2007</i>	38a-554
Sec. 4	<i>October 1, 2007</i>	38a-482

Statement of Legislative Commissioners:

Section 4, section 38a-482 of the general statutes, was inserted for statutory consistency.

APP *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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
State Comptroller - Fringe Benefits	Various - Cost	None	See Below

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
	Cost	Indeterminate	Indeterminate

Explanation

The bill requires certain health policies to provide coverage for dependent unmarried children to age 23 if a part-time or full-time student. Current law already provides coverage for full-time students to age 23. The bill by adding part-time students will allow additional adult children to maintain coverage.

Based on information provided by the Office of the State Comptroller and the Department of Higher Education it is anticipated that the state as an employer will provide coverage to an additional 2,700 adult dependent children when the states health contracts are renewed in FY 09. The estimated FY 09 cost associated with the expansion of coverage to part-time students is approximately \$7 million. The budget, sHB 7077 as approved by the Appropriations Committee, does not contain funding in the state health plan accounts for this increase in coverage.

Additionally, the bill appears to expand coverage to dependent children who never marry and are not students. There is no data available on this category of dependent so a cost cannot be determined at this time.

To the extent that municipal health plans are required to provide the expanded coverage under the bill, there will be increased municipal cost to provide it.

The bill also requires certain health policies to provide coverage to dependent unmarried children to age 25 and permits the insurer to charge for the additional coverage. To the extent that parents are charged for the additional coverage, this provision will have no cost to the state and municipal health plans.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to medical cost inflation.

OLR Bill Analysis**sHB 6055*****AN ACT EXTENDING HEALTH INSURANCE COVERAGE FOR DEPENDENT CHILDREN.*****SUMMARY:**

Beginning January 1, 2008, this bill (1) changes the health insurance eligibility criteria for children under group comprehensive health care plans and individual health insurance policies and (2) imposes eligibility criteria for children under group health insurance policies. Under current law, a dependent unmarried child is eligible for coverage until age 19 or, if a full-time student at an accredited institution, age 23. The bill removes the eligibility requirement that an insured person's child be dependent on him or her. It instead requires a policy to cover an insured's child until the earlier of when the child (1) marries or, (2) if a part- or full-time student at an accredited institution, turns age 23. (Apparently, if a child never marries and is not a student, he or she is eligible to remain on a parent's insurance policy indefinitely.)

The bill requires insurers and HMOs to further continue a child's coverage at the insured individual or employee's option, subject to certain restrictions. An insurer or HMO may charge the insured an additional premium for the continued coverage.

The bill requires group health insurance policies to offer continued coverage and conversion to an individual plan after a person's group coverage would otherwise end. This provision conforms the statutes to current regulatory requirements and industry practice. The bill also makes other technical and conforming changes.

EFFECTIVE DATE: October 1, 2007

OPTIONAL CONTINUED COVERAGE OF A CHILD

The bill permits a person insured under an individual or group health insurance policy to elect to continue coverage for an unmarried child who is not a student until age 25 if the child is (1) a state resident and (2) not offered, or covered under, a health care plan through his or her own employer. (It is unclear when an insured would need this option since coverage, under the bill, is required for a child who does not marry, regardless of age, residency, student status, or availability of an employer-sponsored health care plan.) An insured person may also elect to continue coverage for an unmarried child who is not a state resident if the child is (1) age 23 or 24; (2) a full- or part-time student at an accredited institution; and (3) not offered, or covered under, a health care plan through his or her own employer.

BILL APPLICATION

The bill applies beginning January 1, 2008 to:

1. individual and group health insurance policies and HMO contracts issued, amended or renewed that cover basic hospital expenses, basic medical-surgical expenses, major medical expenses, accidents, limited benefits, and hospital or medical services;
2. group plans continuing coverage after an employee's layoff, reduction of hours, leave of absence, or termination; and
3. group comprehensive health care plans, including those issued by the Health Reinsurance Association.

BACKGROUND***Comprehensive Health Care Plan***

By law, all insurers issuing group health insurance and the Health Reinsurance Association must offer a comprehensive health care plan that includes specified minimum benefits, including coverage for catastrophic illness and a lifetime maximum coverage of \$1 million. The plans may include cost containment features, such as preferred

provider provisions and utilization review of health care services.

Health Reinsurance Association

The Health Reinsurance Association is a health insurance risk pool whose members consist of insurers, HMOs, and self-insurers doing business in Connecticut. It makes individual and group comprehensive health care plans available to people unable to obtain insurance coverage through other means. It administers a reinsurance program and pools risk among participating members. Members share association losses.

Legislative History

The House referred the original bill (File 245) to the Appropriations Committee, which reported this substitute favorably. The original bill increased a dependent child's health insurance eligibility to age 26. This substitute changes the eligibility criteria for children under a person's health insurance policy, as described above.

Related Bills

sSB 1 (File 472), reported favorably by the Public Health and Human Services committees, increases a dependent child's health insurance eligibility to age 30.

sHB 6652 (File 219), reported favorably by the Insurance and Real Estate and Public Health committees, increases a dependent child's health insurance eligibility to age 26.

SB 70 (File 106), reported favorably by the Insurance and Real Estate Committee, increases a dependent child's health insurance eligibility to age 23.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 14 Nay 5 (03/13/2007)

Appropriations Committee

Joint Favorable Substitute

Yea 37 Nay 10 (04/19/2007)