



House of Representatives

General Assembly

File No. 38

January Session, 2009

Substitute House Bill No. 5433

House of Representatives, March 9, 2009

The Committee on Insurance and Real Estate reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CLARIFYING HEALTH INSURANCE COVERAGE FOR STEPCHILDREN.

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 Section 38a-497 of the general statutes is repealed and the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 from passage*):

3 Every individual health insurance policy providing coverage of the
4 type specified in subdivisions (1), (2), (4), (6), (10), (11) and (12) of
5 section 38a-469 delivered, issued for delivery, amended, [or] renewed
6 or continued in this state [on or after January 1, 2009,] shall provide
7 that coverage of a child shall terminate no earlier than the policy
8 anniversary date on or after whichever of the following occurs first, the
9 date on which the child: Marries; ceases to be a resident of the state;
10 becomes covered under a group health plan through the dependent's
11 own employment; or attains the age of twenty-six. The residency
12 requirement shall not apply to dependent children under nineteen
13 years of age or full-time students attending an accredited institution of

14 higher education. Each such policy shall cover a stepchild on the same
15 basis as a biological child.

16 Sec. 2. Section 38a-554 of the general statutes is repealed and the
17 following is substituted in lieu thereof (*Effective from passage*):

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

21 (a) The plan shall be one under which the individuals eligible to be
22 covered include: (1) Each eligible employee; (2) the spouse of each
23 eligible employee, who shall be considered a dependent for the
24 purposes of this section; and (3) unmarried children who are under
25 twenty-six years of age. Each plan shall cover a stepchild on the same
26 basis as a biological child.

27 (b) The plan shall provide the option to continue coverage under
28 each of the following circumstances until the individual is eligible for
29 other group insurance, except as provided in subdivisions (3) and (4)
30 of this subsection: (1) Notwithstanding any provision of this section,
31 upon layoff, reduction of hours, leave of absence, or termination of
32 employment, other than as a result of death of the employee or as a
33 result of such employee's "gross misconduct" as that term is used in 29
34 USC 1163(2), continuation of coverage for such employee and such
35 employee's covered dependents for the periods set forth for such event
36 under federal extension requirements established by the federal
37 Consolidated Omnibus Budget Reconciliation Act of 1985, P.L. 99-272,
38 as amended from time to time, except that if such reduction of hours,
39 leave of absence or termination of employment results from an
40 employee's eligibility to receive Social Security income, continuation of
41 coverage for such employee and such employee's covered dependents
42 until midnight of the day preceding such person's eligibility for
43 benefits under Title XVIII of the Social Security Act; (2) upon the death
44 of the employee, continuation of coverage for the covered dependents
45 of such employee for the periods set forth for such event under federal
46 extension requirements established by the Consolidated Omnibus

47 Budget Reconciliation Act of 1985, P.L. 99-272, as amended from time
48 to time; (3) regardless of the employee's or dependent's eligibility for
49 other group insurance, during an employee's absence due to illness or
50 injury, continuation of coverage for such employee and such
51 employee's covered dependents during continuance of such illness or
52 injury or for up to twelve months from the beginning of such absence;
53 (4) regardless of an individual's eligibility for other group insurance,
54 upon termination of the group plan, coverage for covered individuals
55 who were totally disabled on the date of termination shall be
56 continued without premium payment during the continuance of such
57 disability for a period of twelve calendar months following the
58 calendar month in which the plan was terminated, provided claim is
59 submitted for coverage within one year of the termination of the plan;
60 (5) the coverage of any covered individual shall terminate: (A) As to a
61 child, the plan shall provide the option for said child to continue
62 coverage for the longer of the following periods: (i) At the end of the
63 month following the month in which the child: Marries; ceases to be a
64 resident of the state; becomes covered under a group health plan
65 through the dependent's own employment; or attains the age of
66 twenty-six. The residency requirement shall not apply to dependent
67 children under nineteen years of age or full-time students attending an
68 accredited institution of higher education. If on the date specified for
69 termination of coverage on a child, the child is unmarried and
70 incapable of self-sustaining employment by reason of mental or
71 physical handicap and chiefly dependent upon the employee for
72 support and maintenance, the coverage on such child shall continue
73 while the plan remains in force and the child remains in such
74 condition, provided proof of such handicap is received by the carrier
75 within thirty-one days of the date on which the child's coverage would
76 have terminated in the absence of such incapacity. The carrier may
77 require subsequent proof of the child's continued incapacity and
78 dependency but not more often than once a year thereafter, or (ii) for
79 the periods set forth for such child under federal extension
80 requirements established by the Consolidated Omnibus Budget
81 Reconciliation Act of 1985, P.L. 99-272, as amended from time to time;

82 (B) as to the employee's spouse, at the end of the month following the
83 month in which a divorce, court-ordered annulment or legal
84 separation is obtained, whichever is earlier, except that the plan shall
85 provide the option for said spouse to continue coverage for the periods
86 set forth for such events under federal extension requirements
87 established by the Consolidated Omnibus Budget Reconciliation Act of
88 1985, P.L. 99-272, as amended from time to time; and (C) as to the
89 employee or dependent who is sixty-five years of age or older, as of
90 midnight of the day preceding such person's eligibility for benefits
91 under Title XVIII of the federal Social Security Act; (6) as to any other
92 event listed as a "qualifying event" in 29 USC 1163, as amended from
93 time to time, continuation of coverage for such periods set forth for
94 such event in 29 USC 1162, as amended from time to time, provided
95 such plan may require the individual whose coverage is to be
96 continued to pay up to the percentage of the applicable premium as
97 specified for such event in 29 USC 1162, as amended from time to time.
98 Any continuation of coverage required by this section except
99 subdivision (4) or (6) of this subsection may be subject to the
100 requirement, on the part of the individual whose coverage is to be
101 continued, that such individual contribute that portion of the premium
102 the individual would have been required to contribute had the
103 employee remained an active covered employee, except that the
104 individual may be required to pay up to one hundred two per cent of
105 the entire premium at the group rate if coverage is continued in
106 accordance with subdivision (1), (2) or (5) of this subsection. The
107 employer shall not be legally obligated by sections 38a-505, 38a-546
108 and 38a-551 to 38a-559, inclusive, to pay such premium if not paid
109 timely by the employee.

110 (c) The commissioner shall adopt regulations, in accordance with
111 chapter 54, concerning coordination of benefits between the plan and
112 other health insurance plans. No individual or group health insurance
113 plan shall coordinate benefits or otherwise reduce benefit payments
114 because a person is covered by or receives benefits from a group
115 specified disease policy delivered, issued for delivery, renewed,
116 amended or continued in this state.

117 (d) The plan shall make available to Connecticut residents, in
 118 addition to any other conversion privilege available, a conversion
 119 privilege under which coverage shall be available immediately upon
 120 termination of coverage under the group plan. The terms and benefits
 121 offered under the conversion benefits shall be at least equal to the
 122 terms and benefits of an individual comprehensive health care plan.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-497
Sec. 2	<i>from passage</i>	38a-554

Statement of Legislative Commissioners:

In section 1, "on or after January 1, 2009," was bracketed for statutory consistency.

INS *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None in FY 10 & FY 11; See Below for Out Years Impact

Municipal Impact:

Municipalities	Effect	FY 10 \$	FY 11 \$
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

Explanation

The bill requires certain individual and group health insurance policies to cover stepchildren on the same basis as biological children. Current law already applies to certain group comprehensive health care plans and individual health insurance policies.

Coverage information provided by the Office of the State Comptroller has indicated that more categories of biological children are currently eligible for benefits than stepchildren. As this bill seeks to extend comparable coverage to stepchildren, there would be a cost to increase the pool of lives covered as well as a cost resulting from increased claims experience. Any incurred cost as a result of this mandate would not be effective until the policy is renewed on July 1, 2011. The future fiscal impact to the state cannot be determined as it is not possible to assess how many additional stepchildren would become eligible for coverage as a result of this mandate or how many of these stepchildren would enroll into the plan.

To the extent that municipalities do not provide coverage for stepchildren on the same basis as biological children, there may be increased costs to cover them. The bill's impact on municipalities depends on how many municipalities provide this coverage and that

cannot be determined at this time. The coverage requirements effective upon passage may result in increased premium costs when municipalities enter into new contracts for health insurance. Due to federal law, municipalities with self-insured health plans are exempt from state health insurance benefit mandates.

The Out Years

As previously noted, the future fiscal impact to the state cannot be determined as it is not possible to assess how many additional stepchildren would become eligible for coverage as a result of this mandate or how many of these stepchildren would enroll into the plan. Those mandated categories of stepchildren not currently being covered will result in a cost to the state health plan upon plan renewal in FY 12. The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Office of the State Comptroller, State Employee Health Plan Subscriber Agreement, Connecticut Insurance Department Bulletin HC-71, IRS Publication 502, Municipal Employees Health Insurance Plan (MEHIP) Schedule of Benefits.

OLR Bill Analysis**sHB 5433*****AN ACT CLARIFYING HEALTH INSURANCE COVERAGE FOR STEPCHILDREN.*****SUMMARY:**

This bill requires individual and group health insurance policies to cover stepchildren on the same basis as biological children.

The bill also makes the law that establishes requirements for coverage of children under an individual health insurance policy apply to a policy continued in Connecticut. The law already applies to group comprehensive health care plans and individual health insurance policies delivered, issued, amended, or renewed in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; (4) limited benefits; (5) accidents only; and (6) hospital or medical services, including coverage under an HMO plan.

Due to federal law (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

EFFECTIVE DATE: Upon passage

BACKGROUND***Insurance Coverage for Children***

The law requires a child's coverage under an individual health insurance policy to continue at least until the policy anniversary date on or after the date the child:

1. marries;
2. ends Connecticut residency, unless he or she is under age 19 or a full-time student at an accredited college;

3. gets coverage under his or her employer's group health plan; or
4. turns age 26.

The law requires group comprehensive health care plans to (1) extend coverage eligibility to unmarried children under age 26 and (2) offer continuation coverage to the end of the month in which the child meets the criteria for losing coverage under an individual policy (listed above).

Continuation of Coverage

When a child loses coverage under a parent or guardian's group health insurance plan, he or she is eligible for continued coverage under federal law (Consolidated Omnibus Budget Reconciliation Act (COBRA)). COBRA gives certain former employees, retirees, spouses, former spouses, and dependent children the right to temporarily continue coverage under the employer's group health plan, so long as the insured pays the required premiums. The premium for COBRA coverage cannot exceed 102% of the plan's group rate for coverage, plus 2% for administrative costs.

COBRA does not define dependent. Rather, for COBRA purposes, a dependent is one who is a dependent under the terms of the group insurance plan.

Connecticut law requires employers to comply with COBRA. It also requires each group health insurance policy, regardless of the number of insured people, to provide for continuation of coverage and a right to convert to an individual policy when coverage under the group policy would otherwise cease.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (02/19/2009)