

SENATE BILL 765

C3

9lr2061
CF HB 86

By: **Senator Smith**

Introduced and read first time: February 4, 2019

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Continuation Coverage – Change in Employment Status**

3 FOR the purpose of extending, under certain circumstances, the period of time for which
4 certain group contracts are required to provide continuation coverage for insureds
5 who have experienced a change in status as the result of termination of employment
6 other than for cause; providing for the application of this Act; providing for a delayed
7 effective date; and generally relating to continuation coverage for health insurance.

8 BY repealing and reenacting, without amendments,

9 Article – Insurance

10 Section 15–409(a) and (b)

11 Annotated Code of Maryland

12 (2017 Replacement Volume and 2018 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Insurance

15 Section 15–409(c)

16 Annotated Code of Maryland

17 (2017 Replacement Volume and 2018 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Insurance**

21 15–409.

22 (a) (1) In this section the following words have the meanings indicated.

23 (2) (i) “Change in status” means the termination of the insured’s
24 employment other than for cause.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) "Change in status" includes:

2 1. involuntary termination of the insured's employment
3 other than for cause; and

4 2. voluntary termination of the insured's employment by the
5 insured employee.

6 (3) "Group contract" means:

7 (i) an insurance contract or policy that is issued or delivered in the
8 State to the employer of the insured by an insurer or nonprofit health service plan and that
9 provides group hospital, medical, or surgical benefits to the employees of the employer on
10 an expense-incurred basis; or

11 (ii) a contract between the employer of an insured and a health
12 maintenance organization certified under Title 19, Subtitle 7 of the Health – General
13 Article that provides group hospital, medical, or surgical benefits to the employees of the
14 employer.

15 (4) "Insured" means an employee who is a resident of the State and covered
16 under a current or predecessor group contract with the same employer for at least 3 months
17 before the change in status.

18 (b) (1) Each group contract in force on the date of the change in status shall
19 provide continuation coverage in accordance with this section.

20 (2) Subject to subsection (c) of this section, if continuation coverage is
21 elected by or on behalf of an insured, the group contract shall provide continuation coverage
22 to the insured after a change in status.

23 (c) Continuation coverage that is elected by or on behalf of the insured under the
24 group contract shall begin on the date of the change in status and end on the earliest of the
25 following:

26 (1) **[18] 36** months after the date of the change in status;

27 (2) the date on which the insured fails to make timely payment of an
28 amount required under subsection (d)(2) of this section;

29 (3) the date on which the insured becomes eligible for hospital, medical, or
30 surgical benefits under an insured or self-insured group health benefit program or plan,
31 other than the group contract, that is written on an expense-incurred basis or is with a
32 health maintenance organization;

1 (4) the date on which the insured becomes entitled to benefits under Title
2 XVIII of the Social Security Act;

3 (5) the date on which the insured accepts hospital, medical, or surgical
4 coverage under a nongroup contract or policy that is written on an expense-incurred basis
5 or is with a health maintenance organization;

6 (6) the date on which the insured elects to terminate coverage under the
7 group contract; or

8 (7) the date on which the employer ceases to provide benefits to its
9 employees under a group contract.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
11 policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or
12 after January 1, 2020.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 January 1, 2020.