Article - Insurance

[Previous][Next]

§15–409.

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

(2) (i) "Change in status" means the termination of the insured's employment other than for cause.

(ii) "Change in status" includes:

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

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

(3) "Group contract" means:

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

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

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

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

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

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

(1) 18 months after the date of the change in status;

(2) the date on which the insured fails to make timely payment of an

amount required under subsection (d)(2) of this section;

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

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

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

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

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

(d) Continuation coverage under this section shall:

(1) be provided without evidence of insurability or additional waiting periods;

(2) require the insured to pay to the employer an amount that does not exceed:

(i) the sum of the employer contribution and any contribution that the insured would have been required to pay if there had not been a change in status; and

(ii) a reasonable administrative fee that is subject to review and approval by the Commissioner;

(3) allow the payment of the amount specified in item (2) of this subsection in monthly installments if the insured elects to do so;

(4) be identical to the coverage offered under the group contract to similarly situated individuals for whom there has not been a change in status; and

(5) be available to the spouse and dependent children of the insured if:

(i) the group contract provides benefits for spouses and dependent children; and

(ii) the insured's spouse and dependent children were covered under the group contract before the change in status.

(e) (1) To elect continuation coverage provided under this section, an insured or authorized representative shall submit a signed election notification form to the insured's employer during the election period.

(2) The election period for continuation coverage under this section begins on the date of the change in status and ends at least 45 days after that date.

(3) Within 14 days after receipt of a request for an election notification form, the employer shall deliver or send by first–class mail the election notification form to the insured or authorized representative.

(f) Each certificate issued to an insured under a group contract shall include a statement, in a manner and form approved by the Commissioner, that advises the insured of the following:

(1) the availability of continuation coverage under this section;

(2) a summary of the eligibility for and duration of the continuation coverage; and

(3) the procedure for making an election to receive continuation coverage if a change in status occurs.

(g) The Commissioner shall:

(1) publish at least annually in the Maryland Register and in a newspaper of general circulation in each county notice that describes the continuation coverage required under this section;

(2) prescribe by regulation the form and content of the election notification form; and

(3) make election notification forms available to each employer whose employees are covered by a group contract.

(h) Notice of the availability of continuation coverage under this section shall be provided by:

(1) the employer; and

(2) the Secretary of Labor, Licensing, and Regulation as specified in § 8–805(c) of the Labor and Employment Article.

(i) An employer that fails to provide notice or an election notification form under this section is not liable to the insured or any other covered individual for benefits that otherwise would have been payable or for other damages that result from the failure to provide the notice or form.

(j) An employer that terminates continuation coverage after notice or nonpayment of an amount required under subsection (d)(2) of this section by the insured or other covered individual, or an insurer that terminates continuation coverage after notice by the employer, is not liable to the insured or other covered individual for benefits that otherwise would have been payable under this section if the termination:

(1) is made in good faith;

(2) is reasonable under the circumstances; and

(3) is not the result of a mutual or material mistake of fact.

(k) This section does not affect or limit the right of an insured to conversion privileges under a group contract.

[Previous][Next]