

## Article - Insurance

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§15-408.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Change in status” means the divorce of the insured and the insured’s spouse.
- (3) “Dependent child” means a child of the insured who:
- (i) was covered under a group contract as a qualified or eligible dependent of the insured immediately before the change in status; or
  - (ii) was born to a qualified secondary beneficiary defined in paragraph (6)(i) of this subsection after the change in status.
- (4) “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 insured on an expense-incurred basis; or
  - (ii) a contract between the employer of the 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 offered to the insured.
- (5) “Insured” means an employee who is a resident of the State and covered under a group contract.
- (6) “Qualified secondary beneficiary” means an individual who is:
- (i) a beneficiary under the group contract as the spouse of the insured for at least 30 days immediately preceding the change in status; or
  - (ii) a dependent child of the insured.
- (7) “Termination statement” means written notice of an event specified in subsection (c) of this section that is:
- (i) provided to the employer on a form that the Commissioner prescribes; and
  - (ii) 1. signed by the insured and a qualified secondary beneficiary defined in paragraph (6)(i) of this subsection; or

2. accompanied by the insured's signed and sworn affidavit that verifies all facts in the termination statement.

(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, a qualified secondary beneficiary is entitled to continuation coverage under a group contract after a change in status.

(3) Paragraph (2) of this subsection does not apply while the insured is not covered by a group contract.

(c) Continuation coverage under this section shall begin on the date of the change in status and end on the earliest of the following:

(1) the date on which the qualified secondary beneficiary 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;

(2) the date on which the qualified secondary beneficiary becomes entitled to benefits under Title XVIII of the Social Security Act;

(3) the date on which the qualified secondary beneficiary 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;

(4) the date on which the qualified secondary beneficiary elects to terminate coverage under the group contract;

(5) for an individual who is a qualified secondary beneficiary by reason of having been a dependent child, the date on which the individual would no longer be covered under the group contract if there had not been a change in status; or

(6) for an individual who is a qualified secondary beneficiary by reason of having been the insured's spouse, the date on which the individual remarries.

(d) Continuation coverage under this section shall be identical to the coverage offered under the group contract to similarly situated beneficiaries for whom there has not been a change in status.

(e) (1) From the date of the change in status until the date on which a termination statement is received by the employer, the insured shall pay to the employer, through payroll deduction or otherwise as determined by the employer, the sum of the employer's contribution for a qualified secondary beneficiary defined in subsection (a)(6)(i) of this section and the amount of contribution that would have been paid by the insured if there had not been a change in status.

(2) The additional costs payable by the insured under paragraph (1) of this subsection may be allocated between the insured and a qualified secondary beneficiary who was the insured's spouse or may be reimbursed in full to the insured by the qualified secondary beneficiary by agreement between the parties or, as equity may require, by court order under Title 10, Title 11, or Title 12 of the Family Law Article at the time of the change in status or after the change in status.

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

(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 termination statement; and

- (3) make termination statement forms available to each employer whose employees are covered by a group contract.

(h) (1) On request of a qualified secondary beneficiary, from the date of the change in status until the date on which a termination statement is received by the employer, the employer shall make available to the qualified secondary beneficiary forms for submitting claims to the group contract insurer.

- (2) On presentation of a divorce decree by a qualified secondary beneficiary, the group contract insurer may reimburse the qualified secondary beneficiary directly for hospital, medical, or surgical expenses that the qualified secondary beneficiary has paid.

- (3) A group contract insurer that reimburses a qualified secondary beneficiary in accordance with this subsection is not liable to any other party for payment for the same services.

- (4) If the insured receives reimbursement from the group contract insurer for hospital, medical, or surgical expenses that a qualified secondary beneficiary has paid, the insured immediately shall pay the reimbursement to the qualified secondary beneficiary unless a written agreement or court order provides otherwise.

(i) (1) An employer that terminates continuation coverage after notice by the

insured or qualified secondary beneficiary, or an insurer that terminates continuation coverage after notice by the employer, is not liable to the insured or qualified secondary beneficiary for benefits that otherwise would have been payable under this section if the termination:

- (i) is made in good faith;
- (ii) is reasonable under the circumstances; and
- (iii) is not the result of a mutual or material mistake of fact.

(2) Notwithstanding paragraph (1) of this subsection, receipt by the employer of a termination statement is conclusive evidence of termination, and neither the employer nor the insurer is liable to the qualified secondary beneficiary or insured for benefits that otherwise would have been payable under this section.

(j) This section does not affect or limit the right of a qualified secondary beneficiary to conversion privileges under a group contract.

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