
By: **Delegates Redmer and Ports**

Introduced and read first time: February 8, 2002

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Continuation Coverage - Voluntary Termination of**
3 **Employment**

4 FOR the purpose of altering, for purposes of continuation coverage under health
5 insurance, the definition of "change in status" to include voluntary termination
6 of the insured's employment by the insured employee; requiring certain group
7 contracts of health insurance to provide certain continuation coverage to the
8 insured after the voluntary termination of the insured's employment for a
9 certain period of time and in a certain manner; authorizing an insured or
10 authorized representative to elect certain continuation coverage within a certain
11 period of time after the voluntary termination of the insured's employment; and
12 generally relating to continuation coverage under health insurance.

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 15-409
16 Annotated Code of Maryland
17 (1997 Volume and 2001 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, 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 [involuntary] termination of the
24 insured's employment other than for cause.

25 (II) "CHANGE IN STATUS" INCLUDES:

26 1. INVOLUNTARY TERMINATION OF THE INSURED'S
27 EMPLOYMENT; AND

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

3 (d) Continuation coverage under this section shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (g) The Commissioner shall:

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

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

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

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

13 (1) the employer; and

14 (2) the Secretary of Business and Economic Development as specified in
15 § 8-805(c) of the Labor and Employment Article.

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

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

26 (1) is made in good faith;

27 (2) is reasonable under the circumstances; and

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

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

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2002.