

SENATE NO. 626

AN ACT INCREASING OPTIONS IN THE CASE OF LOSS OF GROUP HEALTH INSURANCE COVERAGE

*Be it enacted by the Senate and House of Representatives in General Court assembled,
And by the authority of the same, as follows:*

1 SECTION 1. Chapter one hundred and seventy five is hereby amended by adding the following
2 new section one hundred and ten L after section one hundred and ten K:

3 Section 110L.

4 Short-Term Conversion Coverage.

5 (a) Every general, blanket, or group policy of health, accident and sickness insurance issued or
6 delivered within or without the commonwealth by an insurer licensed under chapter one
7 hundred and seventy five which covers residents of the commonwealth shall contain a provision
8 that, in the event the carrier ceases to provide coverage under the policy, the carrier shall offer
9 short-term conversion coverage to any individual covered under that policy who is not eligible
10 for an alternative general, blanket or group policy or otherwise eligible for continued group
11 coverage.

12 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the
13 coverage that the carrier had provided under the prior policy; and (2) extend at the option of the

14 insured for up to, but no longer than, six months after the date the carrier ceases to provide the
15 coverage under the general, blanket or group policy.

16 (c) The carrier may require payment of a premium for any period of short-term conversion
17 coverage, except that such premium shall not exceed one hundred and ten percent of the
18 premium that the carrier would have charged such person for similar coverage under the prior
19 policy. At the election of the payor, premium payments may be made in monthly installments.

20 (d) Within fourteen days of the date on which the carrier ceases to provide the general, blanket
21 or group policy, or, in the event that a policy is terminated retroactively because the group failed
22 to pay premiums, within sixty days of the retroactive policy termination date, the carrier shall
23 provide written notice explaining short-term conversion coverage to every individual who was
24 covered under the policy; provided, however, the carrier shall not provide such notice when all
25 individuals who were covered under the ceased policy have access to an alternative group health
26 benefit plan. Individuals shall have thirty days from the date of the carrier's written notice to
27 elect to participate in short-term conversion coverage, which coverage shall begin on the date
28 that the general, blanket or group policy ceased to provide coverage.

29 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis
30 of lack of, evidence of insurability.

31 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to
32 chapter one hundred and seventy-six M. Nothing in this section shall prohibit a carrier that is
33 required to offer short-term conversion coverage from concurrently offering a conversion
34 nongroup health plan as that term is defined in chapter one hundred and seventy-six M.

35 (g) Short-term conversion coverage issued under this section shall be considered a health plan
36 and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

37 SECTION 2. Chapter one hundred and seventy six A is hereby amended by adding the
38 following new section eight W after section eight V.

39 Section 8W.

40 Short-Term Conversion Coverage.

41 (a) Every group hospital service plan issued or delivered within or without the commonwealth
42 by a nonprofit hospital service corporation which covers residents of the commonwealth shall
43 contain a provision that, in the event the nonprofit hospital service corporation ceases to provide
44 coverage under the plan, the corporation shall offer short-term conversion coverage to any
45 individual covered under that plan who is not eligible for an alternative group health benefit
46 plan or otherwise eligible for continued group coverage.

47 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the
48 coverage that the corporation had provided under the group hospital service plan; and (2) extend
49 at the option of the insured for up to, but no longer than, six months after the date the
50 corporation ceases to provide the coverage under the hospital service plan.

51 (c) The corporation may require payment of a premium for any period of short-term conversion
52 coverage, except that such premium shall not exceed one hundred and ten percent of the
53 premium that the corporation would have charged such person for similar coverage under the
54 prior plan. At the election of the payor, premium payments may be made in monthly
55 installments.

56 (d) Within fourteen days of the date on which the corporation ceases to provide the group
57 hospital service plan, or, in the event that a group hospital service plan is terminated
58 retroactively because the group failed to pay premiums, within sixty days of the retroactive
59 group plan termination date, the corporation shall provide written notice explaining short-term
60 conversion coverage to every individual who was covered under the group plan; provided,
61 however, the corporation shall not provide such notice when all individuals who were covered
62 under the ceased plan have access to an alternative group health benefit plan. Individuals shall
63 have thirty days from the date of the corporation's written notice to elect to participate in short-
64 term conversion coverage, which coverage shall begin on the date that the group hospital
65 service plan ceased to provide coverage.

66 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis
67 of lack of, evidence of insurability.

68 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to
69 chapter one hundred and seventy-six M. Nothing in this section shall prohibit a nonprofit
70 hospital service corporation that is required to offer short-term conversion coverage from
71 concurrently offering a conversion nongroup health plan as that term is defined in chapter one
72 hundred and seventy-six M

73 (g) Short-term conversion coverage issued under this section shall be considered a health plan
74 and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

75 SECTION 3. Chapter one hundred and seventy six B is hereby amended by adding the
76 following new section six C after section six B.

77 Section 6C.

78 Short-Term Conversion Coverage.

79 (a) Every group medical service agreement issued or delivered within or without the
80 commonwealth by a medical service corporation which covers residents of the commonwealth
81 shall contain a provision that, in the event the corporation ceases to provide coverage under the
82 service agreement, the medical service corporation shall offer short-term conversion coverage
83 to any individual covered under that group service agreement who is not eligible for an
84 alternative group health benefit plan or otherwise eligible for continued group coverage.

85 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the
86 coverage that the corporation had provided under the prior group service agreement; and (2)
87 extend at the option of the insured for up to, but no longer than, six months after the date the
88 corporation ceases to provide the coverage under the group medical service agreement.

89 (c) The corporation may require payment of a premium for any period of short-term conversion
90 coverage, except that such premium shall not exceed one hundred and ten percent of the
91 premium that the corporation would have charged such person for similar coverage under the
92 prior group medical service agreement. At the election of the payor, premium payments may
93 be made in monthly installments.

94 (d) Within fourteen days of the date on which the corporation ceases to provide the group
95 medical service agreement, or, in the event that a group service agreement is terminated
96 retroactively because the group failed to pay premiums, within sixty days of the retroactive
97 termination date, the corporation shall provide written notice explaining short-term conversion

117 (a) Every group health maintenance contract issued or delivered within or without the
118 commonwealth by a health maintenance organization which covers residents of the
119 commonwealth shall contain a provision that, in the event the health maintenance organization
120 ceases to provide coverage under the contract, the health maintenance organization shall offer
121 short-term conversion coverage to any individual covered under that contract who is not eligible
122 for an alternative group health benefit plan or otherwise eligible for continued group coverage.

123 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the
124 coverage that the health maintenance organization had provided under the prior contract; and (2)
125 extend at the option of the insured for up to, but no longer than, six months after the date the
126 health maintenance organization ceases to provide the coverage under the group contract.

127 (c) The health maintenance organization may require payment of a premium for any period of
128 short-term conversion coverage, except that such premium shall not exceed one hundred and ten
129 percent of the premium that the health maintenance organization would have charged such
130 person for similar coverage under the prior group contract. At the election of the payor,
131 premium payments may be made in monthly installments.

132 (d) Within fourteen days of the date on which the health maintenance organization ceases to
133 provide the group contract, or, in the event that a contract is terminated retroactively because the
134 group failed to pay premiums, within sixty days of the retroactive contract termination date, the
135 health maintenance organization shall provide written notice explaining short-term conversion
136 coverage to every individual who was covered under the contract; provided, however, the health
137 maintenance organization shall not provide such notice when all individuals who were covered
138 under the ceased contract have access to an alternative group health benefit plan. Individuals

139 shall have thirty days from the date of the health maintenance organization's written notice to
140 elect to participate in short-term conversion coverage, which coverage shall begin on the date
141 that the group contract ceased to provide coverage.

142 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis
143 of lack of, evidence of insurability.

144 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to
145 chapter one hundred and seventy-six M. Nothing in this section shall prohibit a health
146 maintenance organization that is required to offer short-term conversion coverage from
147 concurrently offering a conversion nongroup health plan as that term is defined in chapter one
148 hundred and seventy-six M

149 (g) Short-term conversion coverage issued under this section shall be considered a health plan
150 and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

151 SECTION 5. Chapter one hundred and seventy six I is hereby amended by adding the
152 following new section twelve after section eleven.

153 Section 12.

154 Short-Term Conversion Coverage.

155 (a) Every insured group health benefit plan that includes a preferred provider arrangement
156 issued or delivered within or without the commonwealth by an organization pursuant to chapter
157 one hundred and seventy-six I which covers residents of the commonwealth shall contain a
158 provision that, in the event the organization ceases to provide coverage under the health benefit

159 plan, the organization shall offer short-term conversion coverage to any individual covered
160 under that plan who is not eligible for an alternative group health benefit plan or otherwise
161 eligible for continued group coverage.

162 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the
163 coverage that the organization had provided under the prior group plan; and (2) extend at the
164 option of the insured for up to, but no longer than, six months after the date the organization
165 ceases to provide the coverage under the group health benefit plan.

166 (c) The organization may require payment of a premium for any period of short-term conversion
167 coverage, except that such premium shall not exceed one hundred and ten percent of the
168 premium that the organization would have charged such person for similar coverage under the
169 prior health benefit plan. At the election of the payor, premium payments may be made in
170 monthly installments.

171 (d) Within fourteen days of the date on which the organization ceases to provide the group
172 health benefit plan, or, in the event that a plan is terminated retroactively because the group
173 failed to pay premiums, within sixty days of the retroactive plan termination date, the
174 organization shall provide written notice explaining short-term conversion coverage to every
175 individual who was covered under the group plan; provided, however, the organization shall not
176 provide such notice when all individuals who were covered under the ceased policy have access
177 to an alternative group health benefit plan. Individuals shall have thirty days from the date of
178 the organization's written notice to elect to participate in short-term conversion coverage, which
179 coverage shall begin on the date that the group health benefit plan ceased to provide coverage.

180 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis
181 of lack of, evidence of insurability.

182 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to
183 chapter one hundred and seventy-six M. Nothing in this section shall prohibit an organization
184 that is required to offer short-term conversion coverage from concurrently offering a conversion
185 nongroup health plan as that term is defined in chapter one hundred and seventy-six M

186 (g) Short-term conversion coverage issued under this section shall be considered a health plan
187 and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

188 SECTION 6. Section 1 of Chapter 176K is hereby amended to add the following definition:

189 "Retirement association plan", any successor policy or contract providing healthcare benefits to
190 a group of retired employees of an employer which previously maintained a healthcare policy or
191 contract exempt from the provisions of this chapter pursuant to section 8, which policy or
192 contract has terminated or is no longer providing healthcare benefits to retired employees."

193 SECTION 7. Section 8 of Chapter 176K is hereby amended to add the following after the first
194 full sentence of the Section: "This chapter shall not apply to a retirement association plan,
195 except that no retirement association plan may contain any waiting period or pre-existing
196 condition limitation or exclusion."