

SENATE BILL REPORT

SB 6269

As of January 21, 2010

Title: An act relating to conversion rights upon termination of eligibility for health plan coverage.

Brief Description: Addressing conversion rights upon termination of eligibility for health plan coverage.

Sponsors: Senators Keiser and Rockefeller; by request of Insurance Commissioner.

Brief History:

Committee Activity: Health & Long-Term Care: 1/21/10.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: When a health plan is canceled by an employer, employees have 31 days from the date the plan's coverage ends to convert to a new individual policy and avoid a lapse in coverage. If they convert to a new individual policy within 31 days of the plan's coverage ending, they maintain their continuity of coverage, do not need to take the standard health questionnaire, and are not subject to preexisting condition exclusions. If an employer does not promptly notify employees that their employer sponsored health coverage is ending, it may be difficult for an employee to obtain new health coverage within the 31 day eligibility period.

Summary of Bill: Beginning January 1, 2011, all group policies must allow an individual 31 days from the termination of coverage or 31 days from the date the person receives notice of the termination of coverage, whichever is later, to purchase conversion coverage.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: PRO: We have been hearing from individuals whose employers have cancelled coverage and didn't provide notice of the loss of coverage so they have lost their opportunity to purchase the conversion coverage. The conversion is important, since it will back date to the loss of coverage and pick up claims that occurred in the meantime, and protect the portability rights. Two federal laws, HIPAA and ERISA, require that employers provide notice of cancellation of coverage. This change will allow the notification date to start the clock ticking on the purchase opportunity instead of the loss of coverage date.

Persons Testifying: PRO: Mary Childers, Office of Insurance Commissioner.