

"AN ACT TO AMEND SECTION 420 OF ACT 148 OF 1959, AS AMENDED, TO ADD A NEW SUBSECTION REQUIRING HEALTH CARE PLANS TO PROVIDE COVERAGE TO INDIVIDUALS WHO MAY BE EXCLUDED FROM COVERAGE DUE TO A REPLACEMENT OF A GROUP HEALTH POLICY OR PLAN; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 420 of Act 148 of 1959, as amended, the same being Arkansas Statutes Annotated Section 66-3702, is hereby amended by adding a new subsection to read as follows:

"(6)(a) Every insurer, hospital or medical service corporation, fraternal benefit society, self-funded health care plan or health maintenance organization providing replacement coverage, with respect to group disability benefits within a period of sixty (60) days from the date of discontinuance of a prior plan, shall immediately cover all employees and dependents:

(i) if each such employee or dependent was validly covered under the previous plan at the date of the discontinuance; and

(ii) if each such employee or dependent is a member of the class of individuals eligible for coverage under the succeeding carrier's plan, regardless of any of the plan's limitations or exclusions relating to "actively at work" or hospital confinement; and

(iii) only if the group disability benefits were provided to a group consisting of more than 15 members.

(b) The succeeding carrier shall be entitled to deduct from its benefits any benefits payable by the previous carrier pursuant to an extension of benefits provision.

(c) No provision in a succeeding carrier's plan of replacement coverage which would operate to reduce or exclude benefits, on the basis that the condition giving rise to benefits preexisted the effective date of the succeeding carrier's plan, shall be applied with respect to those employees and dependents validly insured under the previous carrier's policy on the date of discontinuance, if benefits for such condition would have been payable under the previous carrier's plan.

(d) The provisions of this Section shall apply upon the issuance of an insurance policy or health care plan:

(i) to a group whose benefits had previously been self-insured; and

(ii) to a self-insurer providing coverage to a group which had been previously covered by an insurer.

(iii) to a group which had previously been covered by an insurer."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: 3/31/87

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