

As Engrossed: 2/1/91 2/27/91 3/7/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A Bill

HOUSE BILL 1370

4 **By: Reps. M. Wilson, Hutchinson, Givens and Watts**

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For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §§23-86-114 AND
9 23-86-115 TO REMOVE THE EXEMPTION FOR HEALTH CARE PLANS IN
10 WHICH THE EMPLOYER IS SELF-INSURED, AND FOR OTHER
11 PURPOSES."

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

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SECTION 1. Arkansas Code Annotated §23-86-114 is amended to read as follows:

17 "23-86-114. Group disability insurance - Continuation of coverage beyond
18 termination of employment, change in marital status, etc.

19 (a) Every group disability insurance policy, contract, or certificate
20 providing hospital, surgical, or major medical coverage, other than accident
21 only or specified disease policies, shall contain a provision that any
22 certificate holder, member, or spouse whose coverage under the policy would
23 otherwise terminate due to termination of employment or membership or a change
24 in marital status may continue coverage under the policy for themselves and
25 their eligible dependents as provided in this section.

26 (b) The continued coverage need not include benefits for dental care,
27 vision services, or prescription drug expenses.

28 (c) (1) Continuation of coverage shall be available only to individuals
29 who have been insured continuously under the group policy during the three-
30 month period prior to the termination of employment membership or change in
31 marital status.

32 (2) Continuation of coverage shall not be available to an
33 individual who is eligible for:

34 (A) Federal medicare coverage; or

35 (B) (i) Full coverage under any other group disability

1 policy or contract.

2 (ii) This coverage must provide benefits for all
3 preexisting conditions to be considered full coverage.

4 (iii) Accordingly, under this subdivision, an
5 individual may continue his or her previous group coverage until all
6 preexisting conditions are covered or would be covered under another group
7 policy or contract or until termination pursuant to subsection (f) of this
8 section or pursuant to the applicable provisions of federal law.

9 (d) An individual who wishes to continue coverage must request
10 continuation in writing not later than ten (10) days after the termination of
11 employment or membership or the change in marital status.

12 (e) An individual who requests continuation of coverage must pay the
13 premium required by the policyholder on a monthly basis and in advance.
14 Payments shall be made in accordance with the group policy.

15 (f) Continuation of coverage shall end upon the earliest of the
16 following dates:

17 (1) One hundred twenty (120) days after continuation of coverage
18 began, except that this one hundred twenty (120) day restriction does not
19 apply to coverage of employees of municipal police and fire departments;

20 (2) The end of the period for which the individual made a timely
21 contribution;

22 (3) The contribution due date following the date the individual
23 becomes eligible for medicare;

24 (4) The date on which the policy is terminated or the group
25 withdraws from the plan. However, if the group policy is replaced,
26 continuation shall continue under the new coverage.

27 (g) At the termination of the continued coverage, an individual shall
28 be offered the conversion policy under the group policy.

29 (h) Individuals choosing to utilize the conversion privilege under the
30 group policy may do so and thereby waive their right to continuation of
31 coverage.

32 (i) This section shall not be applicable to health care plans (other
33 than plans covering employees of municipal police and fire departments) in
34 which the employer is self-insured.

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1 SECTION 2. Arkansas Code Annotated §23-86-115 is amended to read as
 2 follows:

3 "23-86-115. Group disability insurance - Entitlement to conversion
 4 policy upon termination of group policy.

5 (a) (1) Every group policy, contract, or certificate of disability
 6 insurance delivered or issued for delivery in this state which provides
 7 hospital, surgical, or major medical coverage on an expense-incurred basis,
 8 other than coverage limited to expenses from accidents or specified diseases,
 9 shall provide that an employee, member, or covered dependent whose insurance
 10 under the group policy has been terminated for any reason, including the
 11 discontinuance of the group policy in its entirety, shall be entitled to have
 12 issued to him by the insurer a policy of disability insurance referred to in
 13 this section as a conversion policy.

14 (2) An employee, member, or dependent shall not be entitled to a
 15 conversion policy if the termination of the group policy, contract, or
 16 certificate was a result of his failure to pay any required contribution or if
 17 the terminated policy is replaced by similar coverage within thirty-one (31)
 18 days. (3) An individual wishing to exercise his or her conversion privilege
 19 must apply for the conversion policy in writing not later than thirty (30)
 20 days after the termination of the group coverage.

21 (b) (1) *The conversion policy shall provide coverage equal to or greater*
 22 *than the minimum standards established by the Insurance Commissioner and shall*
 23 *contain wording in bold print that 'the benefits in this policy do not*
 24 *necessarily equal or match those benefits provided in your previous group*
 25 *policy'. However, all conversion policies written for employees of municipal*
 26 *police departments and municipal fire departments shall provide coverage equal*
 27 *to those benefits provided in the previous group policy.*

28 (2) The conversion policy shall not exclude coverage for
 29 pregnancy or other illness or injury on the grounds of a preexisting condition
 30 provided that the combination of time served under the group and the
 31 conversion policy equals or exceeds any waiting periods under the group policy
 32 or contract. Moreover, the conversion policy shall include benefits for
 33 maternity coverage for any pregnancies in existence at the time of the
 34 conversion.

35 (c) (1) The insurer shall not be required to offer the conversion policy

1 to any individual who is eligible for:

2 (A) Federal medicare coverage; or

3 (B) Full coverage under any other group disability policy

4 or contract. This coverage must provide benefits for all preexisting

5 conditions to be considered full coverage.

6 (2) Accordingly, under this subsection, an individual may convert

7 to a conversion policy and remain covered by that policy until all preexisting

8 conditions are covered or would be covered under another group policy or

9 contract.

10 (d) *This section shall not be applicable to self-insured plans, other*

11 *than self-insured plans covering employees of municipal police and fire*

12 *departments."*

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14 SECTION 3. All provisions of this act of a general and permanent nature

15 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

16 Revision Commission shall incorporate the same in the Code.

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18 SECTION 4. If any provision of this act or the application thereof to

19 any person or circumstance is held invalid, such invalidity shall not affect

20 other provisions or applications of the act which can be given effect without

21 the invalid provision or application, and to this end the provisions of this

22 act are declared to be severable.

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24 SECTION 5. All laws and parts of laws in conflict with this act are

25 hereby repealed.

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/s/ M. Wilson et al

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