

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative M. Wilson**

A Bill

HOUSE BILL 1177

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 FROM PROVIDING FOR
10 CONTINUATION OF COVERAGE FOR HEALTH CARE PLANS IN WHICH
11 THE EMPLOYER IS SELF-INSURED COVERING EMPLOYEES OF
12 MUNICIPAL POLICE AND FIRE DEPARTMENTS; AND FOR OTHER
13 PURPOSES."

Subtitle

16 "AN ACT TO REMOVE THE EXEMPTION FOR CERTAIN HEALTH CARE
17 PLANS FROM PROVIDING FOR CONTINUATION OF COVERAGE."

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

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

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

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

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

34 (c) (1) Continuation of coverage shall be available only to individuals
35 who have been insured continuously under the group policy during the three-

1 month period prior to the termination of employment membership or change in
2 marital status.

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

5 (A) Federal Medicare coverage; or

6 (B) (i) Full coverage under any other group disability
7 policy or contract.

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

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

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

18 (e) An individual who requests continuation of coverage must pay the
19 premium required by the policyholder on a monthly basis and in advance,
20 *provided the premium does not exceed one hundred and two percent (102%) of the*
21 *active group rate.* Payments shall be made in accordance with the group
22 policy.

23 (f) Continuation of coverage shall end upon the earliest of the
24 following dates:

25 (1) One hundred twenty (120) days after continuation of coverage
26 began, except that this one hundred twenty (120) day restriction does not
27 apply to coverage of *retired* employees of municipal police and fire
28 departments;

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

31 (3) The contribution due date following the date the individual
32 becomes eligible for Medicare;

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

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

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

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

9

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

12 "23-86-115. Group disability insurance - Entitlement to conversion
13 policy upon termination of group policy.

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

23 (2) An employee, member, or dependent shall not be entitled to a
24 conversion policy if the termination of the group policy, contract, or
25 certificate was a result of his failure to pay any required contribution or if
26 the terminated policy is replaced by similar coverage within thirty-one (31)
27 days.

28 (3) An individual wishing to exercise his or her conversion
29 privilege must apply for the conversion policy in writing not later than
30 thirty (30) days after the termination of the group coverage.

31 (b) (1) The conversion policy shall provide coverage equal to or greater
32 than the minimum standards established by the Insurance Commissioner and shall
33 contain wording in bold print that the benefits in this policy do not
34 necessarily equal or match those benefits provided in your previous group
35 policy. However, all conversion policies written for employees of municipal

1 police departments and municipal fire departments shall provide coverage equal
2 to those benefits provided in the previous group policy.

3 (2) The conversion policy shall not exclude coverage for
4 pregnancy or other illness or injury on the grounds of a preexisting condition
5 provided that the combination of time served under the group and the
6 conversion policy equals or exceeds any waiting periods under the group policy
7 or contract. Moreover, the conversion policy shall include benefits for
8 maternity coverage for any pregnancies in existence at the time of the
9 conversion.

10 (c)(1) The insurer shall not be required to offer the conversion policy
11 to any individual who is eligible for:

12 (A) Federal Medicare coverage; or

13 (B) Full coverage under any other group disability policy
14 or contract. This coverage must provide benefits for all preexisting
15 conditions to be considered full coverage.

16 (2) Accordingly, under this subsection, an individual may convert
17 to a conversion policy and remain covered by that policy until all preexisting
18 conditions are covered or would be covered under another group policy or
19 contract.

20 (d) This section shall not be applicable to self-insured plans, other
21 than self-insured plans covering employees of municipal police and fire
22 departments."

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24 SECTION 3. All provisions of this act of a general and permanent nature
25 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
26 Revision Commission shall incorporate the same in the Code.

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28 SECTION 4. If any provision of this act or the application thereof to
29 any person or circumstance is held invalid, such invalidity shall not affect
30 other provisions or applications of the act which can be given effect without
31 the invalid provision or application, and to this end the provisions of this
32 act are declared to be severable.

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34 SECTION 5. All laws and parts of laws in conflict with this act are
35 hereby repealed.

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/s/M. Wilson