

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: H4/1/99 S4/7/99

A Bill

HOUSE BILL 1988

5 By: Representatives B. Johnson, T. Smith
6 By: Senator Gordon
7

For An Act To Be Entitled

10 "AN ACT TO REQUIRE THAT INSURANCE COMPANIES CONTINUE
11 TO PROVIDE GROUP MEDICAL BENEFITS TO EMPLOYEES AFTER
12 AN INSURANCE CONTRACT WITH THE EMPLOYER IS CANCELLED
13 DUE TO THE COMPANY'S BANKRUPTCHY; AND FOR OTHER
14 PURPOSES. "

Subtitle

17 "TO REQUIRE CERTAIN INSURANCE COMPANIES
18 TO CONTINUE TO PROVIDE GROUP MEDICAL
19 BENEFITS TO EMPLOYEES AFTER AN INSURANCE
20 CONTRACT WITH THE EMPLOYER IS CANCELLED
21 DUE TO BANKRUPTCY. "

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

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26 SECTION 1. (a) Every group disability insurance policy, contract, or
27 certificate providing hospital, surgical, or major medical coverage, other
28 than accident only or specified disease policies to groups of one hundred
29 (100) or more employees, shall contain a provision that any certificate
30 holder, member, or spouse whose coverage under the policy would otherwise
31 terminate due to termination of employment membership resulting from the
32 company's bankruptcy may continue coverage under the policy for themselves and
33 their eligible dependents as provided in this act.

34 (b) The continued coverage need not include benefits for dental care or
35 vision services.

36 (c)(1) Continuation of coverage shall be available only to individuals

1 who are residents of the state and who have been insured continuously under
2 the group policy during the three-month period prior to the termination of
3 employment.

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

6 (A) Federal Medicare coverage; or

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

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

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

16 (d) An individual who wishes to continue coverage must request
17 continuation in writing not later than thirty one (31) days after the
18 termination of employment membership.

19 (e) An individual who requests continuation of coverage must pay the
20 premium required by the carrier on a monthly basis and in advance. Such
21 payment shall not exceed one hundred and five percent (105%) of the total
22 amount of the premium the policyholder was required to pay on the date of
23 termination of employment. Payments shall be made directly to the insurance
24 company.

25 (f) Continuation of coverage shall end upon the earliest of the
26 following dates:

27 (1) Five hundred forty (540) days after continuation of coverage
28 began;

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.

35 (g) This act shall not be applicable to health care plans in which the
36 employer is self-insured.

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SECTION 2. The provisions of this act shall be effective on and after April 1, 1999 and shall expire on May 31, 1999.

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

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

SECTION 5. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the Eighty-second General Assembly that many citizens of this state no longer have adequate medical coverage because their employers have declared bankruptcy and have canceled their group medical benefits policies; that the current law concerning continued medical benefits for these employees is inadequate; that immediate passage of this act will provide for the continued coverage of these employees. Therefore an emergency is declared to exist, and this act being necessary for the public peace, health and safety shall be in full force and effect from and after April 1, 1999.

/s/ B. Johnson