

§ 1251.251. CONTINUATION OF GROUP COVERAGE REQUIRED; EXCEPTION. (a) An insurer or group hospital service corporation that issues policies that provide hospital, surgical, or major medical expense insurance coverage or any combination of those coverages on an expense incurred basis shall, as required by this subchapter, provide continuation of group coverage for employees or members and their eligible dependents, subject to the eligibility provisions prescribed by Section 1251.252.

(b) This subchapter does not apply to an insurance policy that provides benefits only for expenses incurred because of a specified disease or an accident.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.252. ELIGIBILITY FOR CONTINUATION OF GROUP COVERAGE. (a) An employee, member, or dependent is entitled to continuation of group coverage if:

(1) the individual's coverage under the group policy is terminated for any reason other than involuntary termination for cause, including discontinuance of the group policy in its entirety or with respect to an insured class; and

(2) the individual has been continuously insured under the group policy, or under any group policy providing similar benefits that the policy replaces, for at least three consecutive months immediately before termination.

(b) For purposes of Subsection (a), involuntary termination for cause does not include termination for any health-related cause.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.253. REQUEST FOR CONTINUATION OF GROUP COVERAGE. An employee, member, or dependent must request in writing the continuation of group coverage not later than the 31st day after the later of:

(1) the date the group coverage would otherwise terminate; or

(2) the date the individual is given, in a format prescribed by the commissioner, notice by either the employer or the group policyholder of the right to continuation of group coverage.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.254. PAYMENT OF CONTRIBUTIONS. (a) An employee, member, or dependent who elects to continue group coverage under this subchapter must pay to the employer or group policyholder,

each month in advance, the amount of contribution required by the employer or policyholder, plus two percent of the group rate for the coverage being continued under the group policy on the due date of each payment.

(b) The employee's, member's, or dependent's written election for continuation of group coverage, together with the first contribution required to establish advance monthly contributions, must be given to the employer or policyholder not later than the later of:

- (1) the 31st day after the date coverage would otherwise terminate; or
- (2) the date the individual is given notice by either the employer or the group policyholder of the right to continuation of group coverage.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.255. TERMINATION OF CONTINUED COVERAGE. (a) Group coverage continued under this subchapter may not terminate until the earliest of:

- (1) six months after the date the employee, member, or dependent elects to continue the group coverage;
- (2) the date failure to make timely payments would terminate the group coverage;
- (3) the date the group coverage terminates in its entirety;
- (4) the date the insured is or could be covered under Medicare;
- (5) the date the insured is covered for similar benefits by another plan or program, including:
  - (A) a hospital, surgical, medical, or major medical expense insurance policy;
  - (B) a hospital or medical service subscriber contract; or
  - (C) a medical practice or other prepayment plan;
- (6) the date the insured is eligible for similar benefits, whether or not covered for those benefits, under any arrangement of coverage for individuals in a group, whether on an insured or uninsured basis; or
- (7) the date similar benefits are provided or available to the insured under any state or federal law.

(b) Not later than the 30th day before the end of the six months after the date the employee, member, or dependent elects to continue group coverage under the policy, the insurer shall:

- (1) notify the individual that the individual may be eligible for coverage under the Texas Health Insurance Risk Pool as provided by Chapter 1506; and
- (2) provide to the individual the address for applying to that pool.

§ 1251.256. CONVERSION OF GROUP POLICY. (a) An insurer may offer a conversion policy to each employee, member, or dependent who is covered under a group accident and health insurance policy that is terminating.

(b) If offered, an issuer shall issue a conversion policy without evidence of insurability if a written application for the policy and payment of the first premium are made not later than the 31st day after the date of termination.

(c) Any conversion policy must meet the minimum standards for benefits for conversion policies.

(d) The insurer may provide the conversion coverage on an individual or group basis.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.257. PREMIUM FOR CONVERTED POLICY. (a) An insurer shall determine the premium for a converted policy issued under this subchapter in accordance with the insurer's table of premium rates for coverage that was provided under the group policy. The premium:

(1) must be based on the type of converted policy and the coverage provided by the policy; and

(2) may be based on the age and geographic location of each individual to be covered.

(b) The premium for the same coverage and benefits under a converted policy may not exceed 200 percent of the premium determined for the group policy in accordance with Subsection (a).

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.258. BENEFITS UNDER CONVERTED POLICY. The commissioner by rule shall establish minimum standards for benefits under converted policies issued under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.259. TERMINATION OF CONVERTED POLICY. Conversion coverage under this subchapter for an insured may not terminate until the earlier of:

(1) the date failure to make timely payments would terminate coverage; or

(2) the date of an event specified by Section 1251.255(a)(4), (5), (6), or (7) for termination of continued group coverage.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.260. NOTICE OF CONTINUATION AND CONVERSION PRIVILEGES. (a) An employer that provides to its employees group accident and health insurance coverage that includes a group continuation or conversion privilege on termination of coverage shall give written notice of the continuation or conversion privileges under the policy to each employee or dependent insured under the group and affected by the termination.

(b) The commissioner by rule shall establish minimum standards for the notice required by this section.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

SUBCHAPTER G. CONTINUATION OF GROUP COVERAGE FOR CERTAIN FAMILY MEMBERS AND DEPENDENTS

§ 1251.301. CONTINUATION OF GROUP COVERAGE. A group policy or contract delivered, issued for delivery, renewed, amended, or extended in this state, including a group contract issued by a group hospital service corporation, that provides insurance for hospital, surgical, or medical expenses incurred as a result of accident or sickness must include an option for each individual covered by the policy or contract because of a family or dependent relationship to an individual who is a member of the group for which the policy or contract is provided to continue coverage with the group if the individual's eligibility for coverage under the policy or contract ends because of:

- (1) the severance of the family relationship; or
- (2) the retirement or death of the group member.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.302. ELIGIBILITY FOR CONTINUED COVERAGE. A family member or dependent of an insured is eligible for continued coverage under this subchapter if the family member or dependent:

- (1) has been a member of the group for a period of at least one year; or
- (2) is an infant under one year of age.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.303. PHYSICAL EXAMINATION NOT REQUIRED. An individual who exercises the option to continue group coverage under this subchapter may not be required to take and pass a physical examination as a condition to continuing coverage.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.304. SCOPE OF COVERAGE. (a) An individual covered under group continuation coverage under this subchapter is entitled to coverage that is identical in scope to the coverage provided under the group health insurance policy or contract. An exclusion that was not included in the health insurance policy or contract may not be included in the group continuation coverage.

(b) If the group policyholder or contract holder replaces the health insurance policy or contract within the period prescribed by Section 1251.310(3), an individual covered under group continuation coverage may obtain coverage identical in scope to the coverage under the replacement group policy as provided by this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.305. AMOUNT OF PREMIUM. Except as provided by Section 1551.064, the premium for continuation of a spouse or dependent on the group health insurance policy or contract may not be more than the premium charged under the group policy or contract for the individual had the family relationship not been severed.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.306. PAYMENT OF PREMIUMS. (a) An individual covered under group continuation coverage under this subchapter shall pay premiums for the coverage directly to the group policyholder or contract holder.

(b) The coverage must provide the individual with the option of paying the premiums in monthly installments.

(c) The group policyholder or contract holder may require the individual to pay a monthly fee of not more than \$5 for administrative costs.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.307. NOTICE OF CONTINUATION OPTION. Except as provided by Section 1551.064, at the time a health insurance policy or contract is issued, the group policyholder or contract holder shall give written notice to each group member and each dependent of a group member covered by the policy or contract of the continuation option under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.308. NOTICE OF SEVERANCE OF FAMILY RELATIONSHIP; NOTICE OF DESIRE TO EXERCISE OPTION. (a) Except as provided by Section 1551.064, each group health insurance policy or contract must require a group member to give written notice to the group policyholder or contract holder not later than the 15th day after the date of any severance of the family relationship that might activate the continuation option under this subchapter. Written notice under this subsection may be given by the group member's dependent.

(b) On receipt of notice under Subsection (a), the group policyholder or contract holder shall immediately give written notice of the continuation option under this subchapter to each affected dependent of the group member.

(c) On receipt of notice of the death or retirement of a group member, the group policyholder or contract holder shall immediately give written notice of the continuation option under this subchapter to each dependent of the group member. The notice must state the amount of the premium to be charged and must be accompanied by any necessary enrollment forms.

(d) Not later than the 60th day after the date of the severance of the family relationship or the retirement or death of the group member, a dependent must give written notice to the group policyholder or contract holder of the individual's desire to exercise the continuation option under this subchapter. Coverage under the health insurance policy or contract remains in effect during the period prescribed by this subsection if the policy or contract premiums are paid.

(e) If a dependent does not give written notice of the individual's desire to exercise the continuation option under this subchapter within the time prescribed by Subsection (d), the option expires.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.309. CONTINUATION OF CERTAIN COVERAGES. (a) Any period of previous coverage under the health insurance policy or contract, including a policy or contract executed under Chapter 1551, must be used in full or partial satisfaction of any required probationary or waiting periods provided in the contract for dependent coverage.

(b) If a health insurance policy or contract provides to a group member continuation rights to cover the period between the time the member retires and the time the member is eligible for coverage by Medicare, those same continuation rights must be made available to the group member's dependents.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.

§ 1251.310. TERMINATION OF CONTINUED COVERAGE. The coverage of an individual who exercises the continuation option under this subchapter continues without interruption and may not be canceled or otherwise terminated until:

(1) the insured fails to make a premium payment within the time required to make the payment;

(2) the insured becomes eligible for substantially similar coverage under another plan or program, including a group health insurance policy or contract, hospital or medical service subscriber contract, or medical practice or other prepayment plan; or

(3) the third anniversary of:

(A) the severance of the family relationship; or

(B) the retirement or death of the group member.

Added by Acts 2003, 78th Leg., ch. 1274, § 3, eff. April 1, 2005.