

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN HC – 77
May 11, 2010

TO: All Health Insurers and Health Care Centers Authorized to Conduct Group Health Insurance Business in Connecticut

SUBJECT: Connecticut Public Act 10-13
Continuation of Group Health Insurance Coverage

The Connecticut Insurance Department is providing the following information to health insurers and health care centers doing group health insurance business in Connecticut regarding group health insurance policies issued in Connecticut to employer group policyholders. This Bulletin is the notice required under section 38a-477a of the Connecticut General Statutes with respect to this benefit.

The Governor signed the above Act into law on May 5, 2010, and the Act is effective May 5, 2010. The law now permits employees/group certificate-holders who lose coverage under Connecticut fully insured small employer and large employer group health insurance policies to elect continuation of coverage for up to 30 months, in the event of layoff, reduction of hours, leave of absence, or termination of employment, except in the event of death of the employee or termination of employment due to gross misconduct. Previously Connecticut had followed the federal rule of 18 months for these events.

The law applies to former employees covered under Connecticut fully insured small employer and large employer group health insurance policies who are currently on state or federal (COBRA) continuation as well as individuals who elect continuation coverage on or after May 5, 2010, due to one of the qualifying events described in the preceding paragraph. As an example, if a former employee is in the middle of a current 18 month continuation period, that individual now is eligible for continuation of an additional 12 months for a total of 30 months (provided the individual pays premium on a timely basis and does not become eligible for other group health insurance).

The law applies to group health insurance policies providing hospital expense coverage, medical-surgical expense coverage, hospital indemnity coverage, major medical expense coverage, hospital and medical service plan contracts, and hospital and medical coverage provided to subscribers of a health care center. The law does not apply to dental, vision or prescription drug coverage, where such coverage is in a separate free-standing policy. The law does apply if the dental, vision, or prescription drug coverage is combined with, and included under, the group health policy.

Each health insurer and health care center that issues group health insurance policies of the types specified in the preceding paragraph in Connecticut must comply with these new continuation provisions. Such health insurers and health care centers, in conjunction with their employer group policyholders, must provide notice of the new continuation rules to impacted individuals within 60 days from the effective date of the Act (by July 4th).

The law applies regardless of the size of the employer group to which the Connecticut group health insurance policy is issued (under and over 20 employees). The law applies to Connecticut group health policies issued to any type of employer, including private employers, public employers, non-profit employers, and church plans. The law does not apply to self-insured employer health plans.

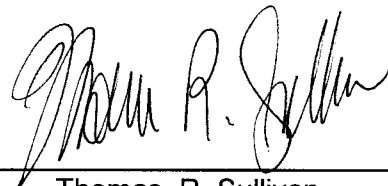
The Department emphasizes to health insurers and health care centers that prompt action is required to comply with these new requirements.

Please note that, although Connecticut has extended the maximum continuation period to 30 months as described herein, the maximum period of premium subsidy available for qualifying laid-off employees on or before May 31, 2010, under federal law, is 15 months. Therefore eligible individuals would be responsible for full payment of the continuation premium for the time period after the federal subsidy expires (up to 15 months).

Please also note that the new Public Act only applies to the qualifying events listed herein, and there are no changes to continuation rules for other situations, including but not limited to, death of a spouse, and cessation of dependent eligibility.

All entities are reminded that all policy forms are subject to prior approval. Policies are reviewed in the order of date received by the Insurance Department. For policy forms that are already approved, you are asked to file an endorsement or amendatory rider to be attached to the approved policy in order to expedite the review process. Entities should file a red lined version as well as two clean copies along with a postage paid envelope of sufficient size to receive a stamped copy. Please note, in view of timing issues, it is necessary for health insurers and health care centers to administer continuation in accordance with the new law immediately, prior to forms filings and approval. However, health insurers and health care centers are encouraged to file forms promptly showing the change from 18 months to 30 months. Please contact the Insurance Department Life and Health Division at cid.lh@ct.gov with questions about forms filing only.

Please contact the Insurance Department Consumer Affairs Division at cid.ca@ct.gov or at 800-203-3447 or 860-297-3900 with all other questions.



Thomas R. Sullivan
Insurance Commissioner