

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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Columbia
Official Code*

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To establish the continuation of a person’s eligibility for health insurance coverage when an employer maintains a health benefits plan for less than 20 employees.

New Chapter
7A,
Title 32

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Continuation of Health Coverage Act of 2002".

Sec. 2. Definitions.

New
§ 32-731

For the purposes of this act, the term:

(1) “Commissioner” means the Commissioner of the Department of Insurance and Securities Regulation.

(2) “Covered individual” means a person whose coverage under an employer’s health benefits plan is continued under this act.

(3) “Health benefits plan” means any accident and health insurance policy or certificate, hospital and medical services corporation contract, health maintenance organization subscriber contract, plan provided by a multiple employer welfare arrangement, or plan provided by another benefit arrangement. The term “health benefit plan” does not mean accident only, credit, or disability insurance; coverage of Medicare services or federal employee health plans, pursuant to contracts with the United States government; Medicare supplemental or long-term care insurance; dental only or vision only insurance; specified disease insurance; hospital confinement indemnity coverage; limited benefit health coverage; coverage issued as a supplement to liability insurance, insurance arising out of a worker’s compensation or similar law; automobile medical payment insurance; medical expense and loss of income benefits; or insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

(4) “Health insurer” means any person that provides one or more health benefit plans or insurance in the District of Columbia, including an insurer, a hospital and medical services corporation, a fraternal benefit society, a health maintenance organization, a multiple employer welfare arrangement, or any other person providing a plan of health insurance subject to the authority of the Commissioner.

Sec. 3. Continuation of coverage.

(a) An employee has the right to continue coverage under the employer's health benefits plan for a period of 3 months, unless the employee:

(1) Was terminated for gross misconduct;

(2) Is eligible for an extension of coverage required under the Consolidated Omnibus Budget Reconciliation Act of 1985, approved April 7, 1986 (100 Stat. 82; codified in scattered sections of the U.S. Code); or

(3) Fails to complete timely election and payment as provided in subsection (h) of this section.

(b) An employee's covered dependents shall have the same right to continue coverage under the employer's health benefits plan as described in subsection (a) of this section if the dependents would otherwise lose coverage under the health benefits plan.

(c) The right to continue coverage includes any dependent coverage under the terms of the existing health benefits plan.

(d) Within 15 days after the date of application, the employer shall forward to the health insurer the names of individuals who apply for an extension of benefits under this act.

(e) Each health benefits plan issued by a health insurer to an employer shall contain a provision requiring that the employer furnish employees whose coverage is terminated a written notification of the existence of the right to continue coverage under this act. The notification shall be furnished not later than 15 days after the date that coverage under the health benefits plan would otherwise terminate. Failure by an employer to furnish the notification shall not extend the right to continue coverage beyond the time provided for under this act.

(f) The evidence of coverage or certificate of coverage furnished to employees by a health insurer shall include a statement advising the employee of his or her right to continue coverage as provided for under this act.

(g) The covered individual's cost for continued coverage shall not exceed 102% of the group rate.

(h) An individual who elects to continue coverage under this act shall tender to the employer the amount required to continue coverage no later than 45 days after the date coverage would otherwise terminate.

(i) Coverage under this act shall continue without interruption and shall not terminate unless:

(1) The covered individual establishes residence outside of the health insurer's service area;

(2) The covered individual fails to make timely payment of the required cost of coverage;

(3) The covered individual violates a material condition of the contract;

(4) The covered individual becomes covered under another group health benefits plan that does not contain any exclusion or limitation with respect to any pre-existing condition

that affects the covered individual;

(5) The covered individual becomes entitled to Medicare; or

(6) The employer no longer offers group health benefits coverage to any employee.

(j) If the employer replaces coverage with similar coverage under another health benefits plan, without interruption, the covered individual shall have the right to continue coverage under the replacement health benefits plan for the balance of the covered individual's continuation of benefit period; provided, that the covered individual is otherwise eligible for continuation of coverage.

(k) At the end of the continued benefit period as provided in this act, the covered individual shall remain eligible for a converted policy if the benefit is provided in the employer's health benefits plan.

Sec. 4. Regulations.

The Commissioner may issue rules and regulations necessary to implement the provisions of this act.

New
§ 32-733

Sec. 5. Applicability.

This act shall apply to contracts issued or renewed by health insurers on or after January 16, 2002.

New
§ 32-734

Sec. 6. Fiscal impact statement.

The Council adopts the attached fiscal impact statement as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code §1-206.2(c)(3)).

Sec. 7. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

ENROLLED ORIGINAL

24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia