

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Mr. Pacheco

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act increasing options in the case of loss of group health insurance coverage.

PETITION OF:

NAME:

Mr. Pacheco

DISTRICT/ADDRESS:

First Plymouth and Bristol

11 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the coverage that
12 the carrier had provided under the prior policy; and (2) extend at the option of the insured for up to, but
13 no longer than, six months after the date the carrier ceases to provide the coverage under the general,
14 blanket or group policy.

15 (c) The carrier may require payment of a premium for any period of short-term conversion coverage,
16 except that such premium shall not exceed one hundred and ten percent of the premium that the
17 carrier would have charged such person for similar coverage under the prior policy. At the election of
18 the payor, premium payments may be made in monthly installments.

19 (d) Within fourteen days of the date on which the carrier ceases to provide the general, blanket or group
20 policy, or, in the event that a policy is terminated retroactively because the group failed to pay
21 premiums, within sixty days of the retroactive policy termination date, the carrier shall provide written
22 notice explaining short-term conversion coverage to every individual who was covered under the policy;
23 provided, however, the carrier shall not provide such notice when all individuals who were covered
24 under the ceased policy have access to an alternative group health benefit plan. Individuals shall have
25 thirty days from the date of the carrier's written notice to elect to participate in short-term conversion
26 coverage, which coverage shall begin on the date that the general, blanket or group policy ceased to
27 provide coverage.

28 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis of lack of,
29 evidence of insurability.

30 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to chapter
31 one hundred and seventy-six M. Nothing in this section shall prohibit a carrier that is required to offer

32 short-term conversion coverage from concurrently offering a conversion nongroup health plan as that
33 term is defined in chapter one hundred and seventy-six M.

34 (g) Short-term conversion coverage issued under this section shall be considered a health plan and a
35 qualifying health plan pursuant to chapter one hundred and seventy-six N.

36 SECTION 2. Chapter one hundred and seventy six A is hereby amended by adding the following new
37 section eight W after section eight V.

38 Section 8W.

39 Short-Term Conversion Coverage.

40 (a) Every group hospital service plan issued or delivered within or without the commonwealth by a
41 nonprofit hospital service corporation which covers residents of the commonwealth shall contain a
42 provision that, in the event the nonprofit hospital service corporation ceases to provide coverage under
43 the plan, the corporation shall offer short-term conversion coverage to any individual covered under
44 that plan who is not eligible for an alternative group health benefit plan or otherwise eligible for
45 continued group coverage.

46 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the coverage that
47 the corporation had provided under the group hospital service plan; and (2) extend at the option of the
48 insured for up to, but no longer than, six months after the date the corporation ceases to provide the
49 coverage under the hospital service plan.

50 (c) The corporation may require payment of a premium for any period of short-term conversion
51 coverage, except that such premium shall not exceed one hundred and ten percent of the premium that

52 the corporation would have charged such person for similar coverage under the prior plan. At the
53 election of the payor, premium payments may be made in monthly installments.

54 (d) Within fourteen days of the date on which the corporation ceases to provide the group hospital
55 service plan, or, in the event that a group hospital service plan is terminated retroactively because the
56 group failed to pay premiums, within sixty days of the retroactive group plan termination date, the
57 corporation shall provide written notice explaining short-term conversion coverage to every individual
58 who was covered under the group plan; provided, however, the corporation shall not provide such
59 notice when all individuals who were covered under the ceased plan have access to an alternative group
60 health benefit plan. Individuals shall have thirty days from the date of the corporation's written notice
61 to elect to participate in short-term conversion coverage, which coverage shall begin on the date that
62 the group hospital service plan ceased to provide coverage.

63 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis of lack of,
64 evidence of insurability.

65 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to chapter
66 one hundred and seventy-six M. Nothing in this section shall prohibit a nonprofit hospital service
67 corporation that is required to offer short-term conversion coverage from concurrently offering a
68 conversion nongroup health plan as that term is defined in chapter one hundred and seventy-six M

69 (g) Short-term conversion coverage issued under this section shall be considered a health plan and a
70 qualifying health plan pursuant to chapter one hundred and seventy-six N.

71 SECTION 3. Chapter one hundred and seventy six B is hereby amended by adding the following new
72 section six C after section six B.

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Section 6C.

Short-Term Conversion Coverage.

(a) Every group medical service agreement issued or delivered within or without the commonwealth by a medical service corporation which covers residents of the commonwealth shall contain a provision that, in the event the corporation ceases to provide coverage under the service agreement, the medical service corporation shall offer short-term conversion coverage to any individual covered under that group service agreement who is not eligible for an alternative group health benefit plan or otherwise eligible for continued group coverage.

(b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the coverage that the corporation had provided under the prior group service agreement; and (2) extend at the option of the insured for up to, but no longer than, six months after the date the corporation ceases to provide the coverage under the group medical service agreement.

(c) The corporation may require payment of a premium for any period of short-term conversion coverage, except that such premium shall not exceed one hundred and ten percent of the premium that the corporation would have charged such person for similar coverage under the prior group medical service agreement. At the election of the payor, premium payments may be made in monthly installments.

(d) Within fourteen days of the date on which the corporation ceases to provide the group medical service agreement, or, in the event that a group service agreement is terminated retroactively because the group failed to pay premiums, within sixty days of the retroactive termination date, the corporation shall provide written notice explaining short-term conversion coverage to every individual who was covered under the group medical service agreement; provided, however, the corporation shall not

95 provide such notice when all individuals who were covered under the ceased service agreement have
96 access to an alternative group health benefit plan. Individuals shall have thirty days from the date of the
97 corporation's written notice to elect to participate in short-term conversion coverage, which coverage
98 shall begin on the date that the group medical service agreement ceased to provide coverage.

99 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis of lack of,
100 evidence of insurability.

101 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to chapter
102 one hundred and seventy-six M. Nothing in this section shall prohibit a medical service corporation that
103 is required to offer short-term conversion coverage from concurrently offering a conversion nongroup
104 health plan as that term is defined in chapter one hundred and seventy-six M

105 (g) Short-term conversion coverage issued under this section shall be considered a health plan and a
106 qualifying health plan pursuant to chapter one hundred and seventy-six N.

107 SECTION 4. Chapter one hundred and seventy six G is hereby amended by adding the following new
108 section five B after section five A.

109 Section 5B.

110 Short-Term Conversion Coverage.

111 (a) Every group health maintenance contract issued or delivered within or without the commonwealth
112 by a health maintenance organization which covers residents of the commonwealth shall contain a
113 provision that, in the event the health maintenance organization ceases to provide coverage under the
114 contract, the health maintenance organization shall offer short-term conversion coverage to any

115 individual covered under that contract who is not eligible for an alternative group health benefit plan or
116 otherwise eligible for continued group coverage.

117 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the coverage that
118 the health maintenance organization had provided under the prior contract; and (2) extend at the
119 option of the insured for up to, but no longer than, six months after the date the health maintenance
120 organization ceases to provide the coverage under the group contract.

121 (c) The health maintenance organization may require payment of a premium for any period of short-
122 term conversion coverage, except that such premium shall not exceed one hundred and ten percent of
123 the premium that the health maintenance organization would have charged such person for similar
124 coverage under the prior group contract. At the election of the payor, premium payments may be
125 made in monthly installments.

126 (d) Within fourteen days of the date on which the health maintenance organization ceases to provide
127 the group contract, or, in the event that a contract is terminated retroactively because the group failed
128 to pay premiums, within sixty days of the retroactive contract termination date, the health maintenance
129 organization shall provide written notice explaining short-term conversion coverage to every individual
130 who was covered under the contract; provided, however, the health maintenance organization shall not
131 provide such notice when all individuals who were covered under the ceased contract have access to an
132 alternative group health benefit plan. Individuals shall have thirty days from the date of the health
133 maintenance organization's written notice to elect to participate in short-term conversion coverage,
134 which coverage shall begin on the date that the group contract ceased to provide coverage.

135 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis of lack of,
136 evidence of insurability.

137 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to chapter
138 one hundred and seventy-six M. Nothing in this section shall prohibit a health maintenance organization
139 that is required to offer short-term conversion coverage from concurrently offering a conversion
140 nongroup health plan as that term is defined in chapter one hundred and seventy-six M

141 (g) Short-term conversion coverage issued under this section shall be considered a health plan and a
142 qualifying health plan pursuant to chapter one hundred and seventy-six N.

143 SECTION 5. Chapter one hundred and seventy six I is hereby amended by adding the following new
144 section twelve after section eleven.

145 Section 12.

146 Short-Term Conversion Coverage.

147 (a) Every insured group health benefit plan that includes a preferred provider arrangement issued or
148 delivered within or without the commonwealth by an organization pursuant to chapter one hundred
149 and seventy-six I which covers residents of the commonwealth shall contain a provision that, in the
150 event the organization ceases to provide coverage under the health benefit plan, the organization shall
151 offer short-term conversion coverage to any individual covered under that plan who is not eligible for an
152 alternative group health benefit plan or otherwise eligible for continued group coverage.

153 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the coverage that
154 the organization had provided under the prior group plan; and (2) extend at the option of the insured
155 for up to, but no longer than, six months after the date the organization ceases to provide the coverage
156 under the group health benefit plan.

157 (c) The organization may require payment of a premium for any period of short-term conversion
158 coverage, except that such premium shall not exceed one hundred and ten percent of the premium that
159 the organization would have charged such person for similar coverage under the prior health benefit
160 plan. At the election of the payor, premium payments may be made in monthly installments.

161 (d) Within fourteen days of the date on which the organization ceases to provide the group health
162 benefit plan, or, in the event that a plan is terminated retroactively because the group failed to pay
163 premiums, within sixty days of the retroactive plan termination date, the organization shall provide
164 written notice explaining short-term conversion coverage to every individual who was covered under
165 the group plan; provided, however, the organization shall not provide such notice when all individuals
166 who were covered under the ceased policy have access to an alternative group health benefit plan.
167 Individuals shall have thirty days from the date of the organization's written notice to elect to
168 participate in short-term conversion coverage, which coverage shall begin on the date that the group
169 health benefit plan ceased to provide coverage.

170 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the basis of lack of,
171 evidence of insurability.

172 (f) Short-term conversion coverage issued in accordance with this section shall not be subject to chapter
173 one hundred and seventy-six M. Nothing in this section shall prohibit an organization that is required to
174 offer short-term conversion coverage from concurrently offering a conversion nongroup health plan as
175 that term is defined in chapter one hundred and seventy-six M

176 (g) Short-term conversion coverage issued under this section shall be considered a health plan and a
177 qualifying health plan pursuant to chapter one hundred and seventy-six N.

178 SECTION 6. Section 1 of Chapter 176K is hereby amended to add the following definition:

179 "Retirement association plan", any successor policy or contract providing healthcare benefits to a group
180 of retired employees of an employer which previously maintained a healthcare policy or contract
181 exempt from the provisions of this chapter pursuant to section 8, which policy or contract has
182 terminated or is no longer providing healthcare benefits to retired employees."

183 SECTION 7. Section 8 of Chapter 176K is hereby amended to add the following after the first full
184 sentence of the Section: "This chapter shall not apply to a retirement association plan, except that no
185 retirement association plan may contain any waiting period or pre-existing condition limitation or
186 exclusion."