

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1026 Session of  
1995

INTRODUCED BY MICOZZIE, WAUGH, FICHTER, DEMPSEY, CLARK, SATHER,  
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CIVERA, MERRY, SEMMEL, OLASZ, STURLA AND STEELMAN,  
MARCH 6, 1995

REFERRED TO COMMITTEE ON INSURANCE, MARCH 6, 1995

AN ACT

1 Providing for continuity of health insurance benefits in certain  
2 situations.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Health Care  
7 Insurance Continuity Act.

8 Section 2. Statement of purpose.

9 The General Assembly finds and declares as follows:

10 (1) This Commonwealth is a leader in the country in  
11 regard to health care insurance coverage for its residents.

12 (2) This Commonwealth's free market approach has been  
13 successful in providing health insurance to 90% of its  
14 population.

15 (3) Uninsured statistics are sporadic as people are

1 moving in and out of coverage.

2 (4) Eliminating preexisting condition exclusions when a  
3 person changes insurance coverage and prohibiting  
4 cancellation of a policy for any health reason will provide  
5 security and peace of mind to Commonwealth citizens and  
6 reduce the number of uninsured.

7 Section 3. Definitions.

8 The following words and phrases when used in this act shall  
9 have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Genetic status." The presence of a physical condition in an  
12 individual which is a result of an inherited trait.

13 "Group health contract." A health insurance agreement issued  
14 by an insurer to cover employees of an employer or a trust fund  
15 established to cover employees of one or more employers and an  
16 association of employees. The term does not include accident-  
17 only, fixed indemnity, limited benefit, credit, dental, vision,  
18 group long-term care, group long-term disability, Medicare  
19 supplement, Civilian Health and Medical Program of the Uniformed  
20 Services supplement insurance, workers' compensation or similar  
21 insurance, or automobile medical-payment insurance.

22 "Health insurance agreement." An accident and health  
23 insurance policy, contract or group insurance certificate issued  
24 by an insurer on an individual or group basis.

25 "Insurer." Any insurance company, association or reciprocal,  
26 nonprofit hospital plan corporation; nonprofit professional  
27 health service plan; health maintenance organization organized  
28 and regulated under the act of December 29, 1972 (P.L.1701,  
29 No.364), known as the Health Maintenance Organization Act; risk-  
30 assuming preferred provider organization organized and regulated

1 under the act of May 17, 1921 (P.L.682, No.284), known as The  
2 Insurance Company Law of 1921; preferred provider with a "health  
3 management gatekeeper" role for primary care physicians  
4 organized and regulated as a health services corporation or a  
5 preferred provider organization subject to the provisions of  
6 section 630 of The Insurance Company Law of 1921; fraternal  
7 benefit society subject to the provisions of the act of December  
8 14, 1992 (P.L.835, No.134), known as the Fraternal Benefit  
9 Societies Code.

10 Section 4. Continuity of coverage.

11 (a) Applicability.--This section shall apply to group health  
12 contracts issued or renewed by insurers on or after the  
13 effective date of this act.

14 (b) Persons protected by this section.--The protections of  
15 this section shall apply to any person who seeks coverage under  
16 or enrollment in a group health contract if all of the following  
17 apply:

18 (1) The person was covered under a prior health  
19 insurance agreement or was covered under a governmental  
20 health financing program such as medical assistance or  
21 Medicare for at least 90 days before discontinuance or  
22 termination of the prior health insurance agreement. Under  
23 this paragraph, a dependent of an employee is covered if the  
24 employee and the dependent were covered under the prior  
25 health insurance agreement.

26 (2) The coverage under the prior health insurance  
27 agreement or governmental program terminated not more than  
28 three months before the person enrolled or was eligible to  
29 enroll in the succeeding group health contract. A period of  
30 ineligibility for any health insurance agreement imposed by

1 terms of employment may not be considered in determining  
2 whether the coverage ended within three months of the date  
3 the person enrolled or was eligible to enroll in the group  
4 health contract.

5 (c) Protections.--An insurer may not do any of the  
6 following:

7 (1) Request or require a person protected by subsection  
8 (b) to provide, or otherwise seek to obtain evidence of,  
9 health or genetic status or history as a condition of  
10 enrolling the person in a group health contract.

11 (2) Decline to enroll a person protected by subsection  
12 (b) in a group health contract based on health or genetic  
13 status or history if the person is otherwise eligible to be  
14 enrolled.

15 (3) Impose a preexisting condition exclusion period or  
16 waiting period for any condition except to the extent that  
17 there is a preexisting condition exclusion period or waiting  
18 period from the prior health insurance agreement that remains  
19 unexpired. In this event, the insurer shall credit the time  
20 the person was covered under the previous health insurance  
21 agreement, exclusive of any applicable waiting period under  
22 that agreement.

23 (d) Determination of waiting period.--If a determination of  
24 the existence of a preexisting condition exclusion period or  
25 waiting period under the prior health insurance agreement is  
26 required for the insurer issuing or entering into a succeeding  
27 group health contract to comply with this section, the issuer of  
28 the prior health insurance agreement shall at the request of the  
29 issuer of the succeeding group health contract furnish a  
30 statement as to the existence and terms of any preexisting

1 condition exclusion period or waiting period under the prior  
2 health insurance agreement.

3 (e) Limited liability after discontinuance.--The insurer  
4 that issued the prior health insurance agreement is liable after  
5 discontinuance of that health insurance agreement only to the  
6 extent of its accrued liabilities and extension of benefits.

7 (f) Duplication.--Nothing in this section shall be construed  
8 as requiring an employer or insurer issuing or entering into a  
9 succeeding group health contract to provide the same or similar  
10 type or extent of coverage as the prior health insurance  
11 agreement. Nothing in this section shall require an employer to  
12 provide any health insurance to employees.

13 Section 5. Effective date.

14 This act shall take effect in 180 days.