

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2026 Session of
2007

INTRODUCED BY PICKETT, BOYD, CUTLER, J. EVANS, KENNEY, KILLION,
MUSTIO, REICHLLEY, STERN, TURZAI AND WATSON, DECEMBER 6, 2007

REFERRED TO COMMITTEE ON INSURANCE, DECEMBER 6, 2007

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," in health and accident insurance,
12 providing for group health policies to continue for period of
13 time after termination of employment or membership in health
14 maintenance organizations.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. The act of May 17, 1921 (P.L.682, No.284), known
18 as The Insurance Company Law of 1921, is amended by adding a
19 section to read:

20 Section 635.2. Mini-COBRA Small Employer Group Health
21 Policies.--(a) A group policy delivered or issued for delivery
22 in this Commonwealth after the effective date of this section by
23 an insurer which insures employes or members and their eligible
24 dependents for hospital, surgical or major medical insurance on

1 an expense-incurred or service basis, other than for specific
2 diseases or for accidental injuries only, shall provide that
3 employees or members whose coverage under the group policy, which
4 includes coverage for their eligible dependents, would otherwise
5 terminate because of termination of employment or membership
6 shall be entitled to continue their hospital, surgical or major
7 medical coverage, including coverage for their eligible
8 dependents, under that group policy subject to the following
9 terms and conditions:

10 (1) Continuation shall only be available to an employe or
11 member who has been continuously insured under the group policy,
12 and for similar benefits under any group policy which it
13 replaced, during the entire three-month period ending with such
14 termination. If employment is reinstated during the continuation
15 period, then coverage under the group policy must be reinstated
16 for the employe and any dependents who were covered under
17 continuation.

18 (2) Continuation shall not be available for any person
19 covered under the group policy who:

20 (i) is covered or is eligible for coverage under Medicare;

21 (ii) is covered or is eligible for coverage under Medicaid;

22 (iii) fails to verify that he is ineligible for employer-
23 based group health insurance as an eligible dependent; or

24 (iv) is or could be covered by any other insured or
25 uninsured arrangement which provides hospital, surgical or major
26 medical coverage for individuals in a group and under which the
27 person was not covered immediately prior to such termination.

28 (3) Continuation need not include dental, vision care or
29 prescription drug benefits or any other benefits provided under
30 the group policy in addition to its hospital, surgical or major

1 medical benefits, but continuation must include any benefits
2 mandated under this act if those benefits are provided under the
3 group policy.

4 (4) (i) The employe or member must request the continuation
5 in writing within thirty-one days of the date coverage would
6 otherwise terminate and must pay to the group policyholder, on a
7 monthly basis, the amount of contribution required to continue
8 the coverage.

9 (ii) The premium contribution may not be more than one
10 hundred two percent of the group rate of the insurance being
11 continued on the due date of each payment; but, if any benefits
12 are omitted as provided by paragraph (3), the premium
13 contribution shall be reduced accordingly.

14 (iii) Nothing in this section shall require the employer to
15 contribute to the deductible of the employe holding an HSA as
16 defined in the Internal Revenue Code of 1986 (Public Law 99-514,
17 26 U.S.C. § 223(d)) as a component of the group policy after the
18 termination date as long as scheduled payments have been made.

19 (iv) The employe's or member's written request for
20 continuation, together with the first required premium
21 contribution, must be given to the group policyholder within
22 thirty-one days of the date the coverage would otherwise
23 terminate.

24 (v) An employer shall notify its employes and members in
25 writing of the duties of the employes and members under this
26 section no later than the date on which coverage would otherwise
27 terminate.

28 (5) Continuation of coverage under the group policy for any
29 covered person shall terminate upon failure to satisfy paragraph
30 (2) or, if earlier, at the first to occur of the following:

1 (i) the date nine months after the date the employe's or
2 member's coverage under the group would have terminated because
3 of termination of employment or membership;

4 (ii) if the employe or member fails to make timely payment
5 of a required premium contribution, the end of the period for
6 which contributions were made;

7 (iii) the date on which the group policy is terminated.

8 (b) The spouse of an employe or member whose coverage under
9 the group policy would otherwise terminate due to dissolution of
10 marriage or death of the employe or member shall have the same
11 continuation privilege accorded under this section to the
12 employe or member upon termination of employment or membership.

13 (c) An employe shall be entitled to obtain a conversion
14 policy as stated in section 1009-A. The right to a converted
15 policy pursuant to this act for an employe or member entitled to
16 continuation of coverage under this act shall commence upon
17 termination of the continued coverage provided for under this
18 act.

19 (d) This section shall only apply to those persons who
20 satisfy both of the following criteria:

21 (1) Persons who are not subject to the continuation and
22 conversion provisions set forth in Title 1, Subtitle B, Part 6
23 of the Employment Retirement Income Security Act of 1974 (Public
24 Law 93-406, 88 Stat. 829) or Title XXII of the Public Health
25 Service Act (58 Stat. 682, 42 U.S.C. § 201 et seq.).

26 (2) Persons who are employed by an employer that employs
27 between two and nineteen employes and the eligible dependents of
28 such persons.

29 Section 2. This act shall take effect in 60 days.