



**93RD GENERAL ASSEMBLY**  
**State of Illinois**  
**2003 and 2004**

Introduced 2/6/2004, by Don Harmon

**SYNOPSIS AS INTRODUCED:**

215 ILCS 5/367e

from Ch. 73, par. 979e

Amends the Illinois Insurance Code. Makes a technical change in a Section concerning the continuation of group hospital, surgical and major medical coverage after termination of employment or membership.

LRB093 20952 SAS 46934 b

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Section 367e as follows:

6 (215 ILCS 5/367e) (from Ch. 73, par. 979e)

7 Sec. 367e. Continuation of Group Hospital, Surgical and  
8 Major Medical Coverage After Termination of Employment or  
9 Membership. A group policy delivered, issued for delivery,  
10 renewed or amended in this State ~~state~~ which insures employees  
11 or members for hospital, surgical or major medical insurance on  
12 an expense incurred or service basis, other than for specific  
13 diseases or for accidental injuries only, shall provide that  
14 employees or members whose insurance under the group policy  
15 would otherwise terminate because of termination of employment  
16 or membership or because of a reduction in hours below the  
17 minimum required by the group plan shall be entitled to  
18 continue their hospital, surgical and major medical insurance  
19 under that group policy, for themselves and their eligible  
20 dependents, subject to all of the group policy's terms and  
21 conditions applicable to those forms of insurance and to the  
22 following conditions:

23 1. Continuation shall only be available to an employee  
24 or member who has been continuously insured under the group  
25 policy (and for similar benefits under any group policy  
26 which it replaced) during the entire 3 months period ending  
27 with such termination or reduction in hours below the  
28 minimum required by the group plan.

29 2. Continuation shall not be available for any person  
30 who is covered by Medicare, except for those individuals  
31 who have been covered under a group Medicare supplement  
32 policy. Neither shall continuation be available for any

1 person who is covered by any other insured or uninsured  
2 plan which provides hospital, surgical or medical coverage  
3 for individuals in a group and under which the person was  
4 not covered immediately prior to such termination or  
5 reduction in hours below the minimum required by the group  
6 plan or who exercises his conversion privilege under the  
7 group policy.

8 3. Continuation need not include dental, vision care,  
9 prescription drug benefits, disability income, specified  
10 disease, or similar supplementary benefits which are  
11 provided under the group policy in addition to its  
12 hospital, surgical or major medical benefits.

13 4. Upon termination or reduction in hours below the  
14 minimum required by the group plan written notice of  
15 continuation shall be presented to the employee or member  
16 by the employer or mailed by the employer to the last known  
17 address of the employee. An employee or member who wishes  
18 continuation of coverage must request such continuation in  
19 writing within the ten-day period following the later of:  
20 (i) the date of such termination or reduction in hours  
21 below the minimum required by the group plan, or (ii) the  
22 date the employee is given written notice of the right of  
23 continuation by either the employer or the group  
24 policyholder. In no event, however, may the employee or  
25 member elect continuation more than 60 days after the date  
26 of such termination or reduction in hours below the minimum  
27 required by the group plan. Written notice of continuation  
28 presented to the employee or member by the policyholder, or  
29 mailed by the policyholder to the last known address of the  
30 employee, shall constitute the giving of notice for the  
31 purpose of this provision.

32 5. An employee or member electing continuation must pay  
33 to the group policyholder or his employer, on a monthly  
34 basis in advance, the total amount of premium required by  
35 the insurer, including that portion of the premium  
36 contributed by the policyholder or employer, if any, but

1 not more than the group rate for the insurance being  
2 continued with appropriate reduction in premium for any  
3 supplementary benefits which have been discontinued under  
4 paragraph (3) of this Section. The premium rate required by  
5 the insurer shall be the applicable premium required on the  
6 due date of each payment.

7 6. Continuation of insurance under the group policy for  
8 any person shall terminate when he becomes eligible for  
9 Medicare or is covered by any other insured or uninsured  
10 plan which provides hospital, surgical or medical coverage  
11 for individuals in a group and under which the person was  
12 not covered immediately prior to such termination or  
13 reduction in hours below the minimum required by the group  
14 plan as provided in condition 2 above or, if earlier, at  
15 the first to occur of the following:

16 (a) The date 9 months after the date the employee's  
17 or member's insurance under the policy would otherwise  
18 have terminated because of termination of employment  
19 or membership or reduction in hours below the minimum  
20 required by the group plan.

21 (b) If the employee or member fails to make timely  
22 payment of a required contribution, the end of the  
23 period for which contributions were made.

24 (c) The date on which the group policy is  
25 terminated or, in the case of an employee, the date his  
26 employer terminates participation under the group  
27 policy. However, if this (c) applies and the coverage  
28 ceasing by reason of such termination is replaced by  
29 similar coverage under another group policy, the  
30 following shall apply:

31 (i) The employee or member shall have the right  
32 to become covered under that other group policy,  
33 for the balance of the period that he would have  
34 remained covered under the prior group policy in  
35 accordance with condition 6 had a termination  
36 described in this (c) not occurred.

1           (ii) The prior group policy shall continue to  
2           provide benefits to the extent of its accrued  
3           liabilities and extensions of benefits as if the  
4           replacement had not occurred.

5           7. A notification of the continuation privilege shall  
6           be included in each certificate of coverage.

7           8. Continuation shall not be available for any employee  
8           who was discharged because of the commission of a felony in  
9           connection with his work, or because of theft in connection  
10          with his work, for which the employer was in no way  
11          responsible; provided the employee admitted his commission  
12          of the felony or theft or such act has resulted in a  
13          conviction or order of supervision by a court of competent  
14          jurisdiction.

15          The requirements of this amendatory Act of 1983 shall apply  
16          to any group policy as defined in this Section, delivered or  
17          issued for delivery on or after 180 days following the  
18          effective date of this amendatory Act of 1983.

19          The requirements of this amendatory Act of 1985 shall apply  
20          to any group policy as defined in this Section, delivered,  
21          issued for delivery, renewed or amended on or after 180 days  
22          following the effective date of this amendatory Act of 1985.

23          (Source: P.A. 93-477, eff. 1-1-04.)