

SB1999



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB1999

Introduced 2/20/2009, by Sen. Carole Pankau

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 continuation of group hospital, surgical and major medical coverage after termination of employment or membership.

LRB096 11335 RPM 21783 b

A BILL FOR

1 AN ACT concerning regulation.

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~~ 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 which insures employees or
11 members for hospital, surgical or major medical insurance on an
12 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

1 or member who has been continuously insured under the group
2 policy (and for similar benefits under any group policy
3 which it replaced) during the entire 3 months period ending
4 with such termination or reduction in hours below the
5 minimum required by the group plan.

6 2. Continuation shall not be available for any person
7 who is covered by Medicare, except for those individuals
8 who have been covered under a group Medicare supplement
9 policy. Neither shall continuation be available for any
10 person who is covered by any other insured or uninsured
11 plan which provides hospital, surgical or medical coverage
12 for individuals in a group and under which the person was
13 not covered immediately prior to such termination or
14 reduction in hours below the minimum required by the group
15 plan or who exercises his conversion privilege under the
16 group policy.

17 3. Continuation need not include dental, vision care,
18 prescription drug benefits, disability income, specified
19 disease, or similar supplementary benefits which are
20 provided under the group policy in addition to its
21 hospital, surgical or major medical benefits.

22 4. Upon termination or reduction in hours below the
23 minimum required by the group plan written notice of
24 continuation shall be presented to the employee or member
25 by the employer or mailed by the employer to the last known
26 address of the employee. An employee or member who wishes

1 continuation of coverage must request such continuation in
2 writing within the ten-day period following the later of:
3 (i) the date of such termination or reduction in hours
4 below the minimum required by the group plan, or (ii) the
5 date the employee is given written notice of the right of
6 continuation by either the employer or the group
7 policyholder. In no event, however, may the employee or
8 member elect continuation more than 60 days after the date
9 of such termination or reduction in hours below the minimum
10 required by the group plan. Written notice of continuation
11 presented to the employee or member by the policyholder, or
12 mailed by the policyholder to the last known address of the
13 employee, shall constitute the giving of notice for the
14 purpose of this provision.

15 5. An employee or member electing continuation must pay
16 to the group policyholder or his employer, on a monthly
17 basis in advance, the total amount of premium required by
18 the insurer, including that portion of the premium
19 contributed by the policyholder or employer, if any, but
20 not more than the group rate for the insurance being
21 continued with appropriate reduction in premium for any
22 supplementary benefits which have been discontinued under
23 paragraph (3) of this Section. The premium rate required by
24 the insurer shall be the applicable premium required on the
25 due date of each payment.

26 6. Continuation of insurance under the group policy for

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

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

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

17 (c) The date on which the group policy is
18 terminated or, in the case of an employee, the date his
19 employer terminates participation under the group
20 policy. However, if this (c) applies and the coverage
21 ceasing by reason of such termination is replaced by
22 similar coverage under another group policy, the
23 following shall apply:

24 (i) The employee or member shall have the right
25 to become covered under that other group policy,
26 for the balance of the period that he would have

1 remained covered under the prior group policy in
2 accordance with condition 6 had a termination
3 described in this (c) not occurred.

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

8 7. A notification of the continuation privilege shall
9 be included in each certificate of coverage.

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

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

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

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