

ASSEMBLY BILL NO. 546—COMMITTEE ON WAYS AND MEANS

MAY 2, 2009

Referred to Committee on Ways and Means

SUMMARY—Revises provisions related to continuation of coverage for health insurance under the group policies of smaller employers. (BDR 57-1308)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation not included in Executive Budget.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to insurance; revising the provisions governing the continuation of health care coverage upon termination of employment with certain smaller employers; allowing an additional election period to continue coverage of health insurance for certain former employees; making an appropriation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Title III of the American Recovery and Reinvestment Act of 2009 provides premium assistance to certain persons to continue coverage of health insurance after termination of employment. (Public Law No. 111-5) The Act provides, in part, for a 65 percent reduction in premium payments for certain persons and an additional election period for certain persons who did not previously elect to continue coverage.

Sections 1 and 2 of this bill revise the premium payment amount and payment frequency for certain persons to continue coverage of health insurance. (NRS 689B.247, 689C.344)

Sections 3 and 4 of this bill allow an additional election period for certain persons who previously qualified to continue coverage under NRS 689B.245 and 689C.340.

Section 5 of this bill provides an appropriation for enforcement of the provisions of this bill.



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 689B.247 is hereby amended to read as follows:

689B.247 1. Any person who elects to continue coverage pursuant to NRS 689B.245 shall pay the premium for that coverage in an amount not to exceed ~~125~~ 110 percent of the premium charged to the employer by the insurer on the date on which that person became eligible for continued coverage.

2. If there is a change in the rate charged or benefits provided under the policy during the time of continued coverage, the premium may not exceed ~~125~~ 110 percent of the new rate charged to the employer.

3. The premiums must be paid to the insurer on a ~~quarterly~~ monthly basis.

4. If the payment of a premium is not received by the insurer within 30 days after the date on which it is due, continued coverage must be terminated.

Sec. 2. NRS 689C.344 is hereby amended to read as follows:

689C.344 1. Any person who elects to continue coverage pursuant to NRS 689C.340 shall pay a premium for that coverage in an amount not to exceed ~~125~~ 110 percent of the premium charged to the employer by the insurer for coverage of that person on the date on which that person became eligible for continued coverage.

2. If there is a change in the rate charged or benefits provided under the policy during the time of continued coverage, the premium may not exceed ~~125~~ 110 percent of the new rate charged to the employer.

3. The premiums must be paid to the insurer on a ~~quarterly~~ monthly basis.

4. If the payment of a premium is not received by the insurer within 30 days after the date on which it is due, continued coverage must be terminated.

Sec. 3. Notwithstanding any other provision of state law and in accordance with federal law, including, without limitation, Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5:

1. A former employee is eligible to continue coverage under a policy of insurance in the same manner as an employee pursuant to NRS 689B.245 if the former employee:

(a) Was terminated from employment on or after September 1, 2008, and on or before February 16, 2009;

(b) Was eligible to elect to continue coverage as provided in NRS 689B.245 at the time the former employee was terminated; and



(c) Did not have coverage on February 17, 2009.

2. A spouse or dependent child of a former employee is eligible to continue coverage under a policy of insurance in the same manner as a spouse or dependent child of an employee pursuant to NRS 689B.245 if:

(a) The former employee was terminated from employment on or after September 1, 2008, and on or before February 16, 2009;

(b) The spouse or dependent child of the former employee, as applicable, was eligible to elect to continue coverage as provided in NRS 689B.245 at the time the former employee was terminated; and

(c) The spouse or dependent child of the former employee did not have coverage on February 17, 2009.

3. If an insurer insures a policy of group health insurance for the employees of an employer with less than 20 employees, the insurer shall, within 14 days after the effective date of this act and by certified mail, return receipt requested:

(a) Notify the employer of the duties of the employer pursuant to this act and Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5; and

(b) Mail to the employer a copy of the forms necessary for a former employee or a spouse or dependent child of a former employee to continue coverage pursuant to this section.

4. An employer who is notified pursuant to subsection 3 shall, within 14 days after receiving notice and by certified mail, return receipt requested, to a last known address, provide to any former employee or spouse or dependent child of a former employee who is eligible to continue coverage pursuant to this section:

(a) Notice of his eligibility, with the notification containing information corresponding to the information provided by notification pursuant to section 3001(a)(7)(B) of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5; and

(b) A copy of the forms sent by the insurer pursuant to subsection 3.

5. A former employee or spouse or dependent child of a former employee may continue coverage under a policy of insurance pursuant to this section in the same manner as an employee or spouse or dependent child of an employee provided for in NRS 689B.245, except as otherwise provided for by Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5.

6. A violation of this section by an insurer shall be deemed to be an unfair method of competition or unfair or deceptive act or practice under NRS 686A.010 to 686A.310, inclusive.



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1 **Sec. 4.** Notwithstanding any other provision of state law and
2 in accordance with federal law, including, without limitation, Title
3 III of the American Recovery and Reinvestment Act of 2009, Public
4 Law No. 111-5:

5 1. A former employee is eligible to continue coverage under a
6 health benefit plan in the same manner as an employee pursuant to
7 NRS 689C.340 if the former employee:

8 (a) Was terminated from employment on or after September 1,
9 2008, and on or before February 16, 2009;

10 (b) Was eligible to elect to continue coverage as provided in
11 NRS 689C.340 at the time the former employee was terminated; and

12 (c) Did not have coverage on February 17, 2009.

13 2. A spouse or dependent child of a former employee is eligible
14 to continue coverage under a health benefit plan in the same manner
15 as a spouse or dependent child of an employee pursuant to NRS
16 689C.340 if:

17 (a) The former employee was terminated from employment on
18 or after September 1, 2008, and on or before February 16, 2009;

19 (b) The spouse or dependent child of the former employee, as
20 applicable, was eligible to elect to continue coverage as provided in
21 NRS 689C.340 at the time the former employee was terminated; and

22 (c) The spouse or dependent child of the former employee did
23 not have coverage on February 17, 2009.

24 3. If an insurer insures a health benefit plan for the employees
25 of an employer with less than 20 employees, the insurer shall, within
26 14 days after the effective date of this act and by certified mail,
27 return receipt requested:

28 (a) Notify the employer of the duties of the employer pursuant
29 to this act and Title III of the American Recovery and Reinvestment
30 Act of 2009, Public Law No. 111-5; and

31 (b) Mail to the employer a copy of the forms necessary for a
32 former employee or a spouse or dependent child of a former
33 employee to continue coverage pursuant to this section.

34 4. An employer who is notified pursuant to subsection 3 shall,
35 within 14 days after receiving notice and by certified mail, return
36 receipt requested, to a last known address, provide to any former
37 employee or spouse or dependent child of a former employee who is
38 eligible to continue coverage pursuant to this section:

39 (a) Notice of his eligibility, with the notification containing
40 information corresponding to the information provided by
41 notification pursuant to section 3001(a)(7)(B) of the American
42 Recovery and Reinvestment Act of 2009, Public Law No. 111-5;
43 and

44 (b) A copy of the forms sent by the insurer pursuant to
45 subsection 3.



5. A former employee or spouse or dependent child of a former employee may continue coverage under a health benefit plan pursuant to this section in the same manner as an employee or spouse or dependent child of an employee provided for in NRS 689C.340, except as otherwise provided for by Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5.

6. A violation of this section by an insurer shall be deemed to be an unfair method of competition or unfair or deceptive act or practice under NRS 686A.010 to 686A.310, inclusive.

Sec. 5. 1. There is hereby appropriated from the State General Fund to the Division of Insurance of the Department of Business and Industry the sum of \$25,000 for enforcement of the provisions of this act.

2. Any remaining balance of the appropriation made by subsection 1 must not be committed for expenditure after June 30, 2011, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 16, 2011, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 16, 2011.

Sec. 6. This act becomes effective upon passage and approval.

