

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.

~

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; 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.



* A B 5 4 6 R 1 *

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. Except as otherwise provided in this section, 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;



* A B 5 4 6 R 1 *

(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. Except as otherwise provided in this section, 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;

(b) Notify the employer of the duties of the insurer pursuant to this act and Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5, including, without limitation, the duty of the insurer:

(1) To accept a reduced premium payment from a former employee or spouse or dependent child of the former employee who qualifies for coverage pursuant to this section; and

(2) To obtain reimbursement from the Federal Government for the portion of the premium not paid by the former employee or spouse or dependent child of the former employee; and

(c) 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 to whom an employer is required to send notification and forms pursuant to subsection 4 may continue coverage under a policy of insurance pursuant to this section by sending to the insurer described in subsection 3, on or before August 31, 2009:

(a) All necessary forms for coverage; and

(b) The premium payment necessary to begin coverage, as provided by federal law, including, without limitation, Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5.

6. Coverage provided pursuant to this section:

(a) Shall, in accordance with federal law, including, without limitation, Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5, not include any period of time from September 1, 2008, to August 31, 2009, inclusive, for any purpose related to denial, exclusion or limitation of a benefit for a pre-existing condition; and

(b) Begins retroactively on May 1, 2009, regardless of the specific date that the former employee or spouse or dependent child of a former employee complies with the provisions of subsection 5.

7. 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. 4. 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. Except as otherwise provided in this section, a former employee is eligible to continue coverage under a health benefit plan in the same manner as an employee pursuant to NRS 689C.340 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 689C.340 at the time the former employee was terminated; and

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

2. Except as otherwise provided in this section, a spouse or dependent child of a former employee is eligible to continue coverage under a health benefit plan in the same manner as a spouse or dependent child of an employee pursuant to NRS 689C.340 if:

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



* A B 5 4 6 R 1 *

(b) The spouse or dependent child of the former employee, as applicable, was eligible to elect to continue coverage as provided in NRS 689C.340 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 health benefit plan 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;

(b) Notify the employer of the duties of the insurer pursuant to this act and Title III of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-5, including, without limitation, the duty of the insurer:

(1) To accept a reduced premium payment from a former employee or spouse or dependent child of the former employee who qualifies for coverage pursuant to this section; and

(2) To obtain reimbursement from the Federal Government for the portion of the premium not paid by the former employee or spouse or dependent child of the former employee; and

(c) 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 to whom an employer is required to send notification and forms pursuant to subsection 4 may continue coverage under a health benefit plan pursuant to this section by sending to the insurer described in subsection 3, on or before August 31, 2009:

(a) All necessary forms for coverage; and

(b) The premium payment necessary to begin coverage, as provided by federal law, including, without limitation, Title III of



1 the American Recovery and Reinvestment Act of 2009, Public Law
2 No. 111-5.

3 6. Coverage provided pursuant to this section:

4 (a) Shall, in accordance with federal law, including, without
5 limitation, Title III of the American Recovery and Reinvestment Act
6 of 2009, Public Law No. 111-5, not include any period of time from
7 September 1, 2008, to August 31, 2009, inclusive, for any purpose
8 related to denial, exclusion or limitation of a benefit for a pre-
9 existing condition; and

10 (b) Begins retroactively on May 1, 2009, regardless of the
11 specific date that the former employee or spouse or dependent child
12 of a former employee complies with the provisions of subsection 5.

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

16 **Sec. 5.** (Deleted by amendment.)

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

