

# HOUSE BILL REPORT

## HB 2521

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### As Passed Legislature

**Title:** An act relating to conversion rights upon termination of eligibility for health plan coverage.

**Brief Description:** Addressing conversion rights upon termination of eligibility for health plan coverage.

**Sponsors:** Representatives Driscoll, Williams, Cody, Morrell, Ormsby and Moeller; by request of Insurance Commissioner.

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 1/15/10, 1/22/10 [DP].

##### **Floor Activity:**

Passed House: 1/28/10, 97-0.

Passed Senate: 2/27/10, 45-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Provides employees 31 days after notification that their employer's health coverage is terminating to convert to a new individual health plan and avoid a lapse in coverage.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 13 members: Representatives Cody, Chair; Driscoll, Vice Chair; Ericksen, Ranking Minority Member; Bailey, Campbell, Clibborn, Green, Herrera, Hinkle, Kelley, Moeller, Morrell and Pedersen.

**Staff:** Dave Knutson (786-7146).

#### **Background:**

When a health plan is canceled by an employer, employees have 31 days from the date the health plan's coverage ends to convert to a new individual policy and avoid a lapse in

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coverage. If the employer converts to a new individual policy within 31 days of the plan's coverage ending, they maintain their continuity of coverage, do not need to take the standard health questionnaire, and are not subject to preexisting condition exclusions. If an employer does not promptly notify employees that their employer sponsored health coverage is ending, it may be difficult for an employee to obtain new health coverage within the 31-day eligibility period.

**Summary of Bill:**

Employees who lose their employer health coverage have 31 days from the date the health plan's coverage ends, or 31 days from the date they are notified of the loss of coverage, whichever is later, to complete an application for conversion coverage.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) When an employer ends health coverage for an employee, the employee has 31 days to apply for a conversion policy to maintain their health coverage. If the employer does not provide adequate notice to the employee, it can be difficult for the employee to apply for and obtain conversion policy before the 31-day limitation expires.

(Opposed) None.

**Persons Testifying:** Representative Driscoll, prime sponsor; Drew Bouton and Mary Childers, Office of the Insurance Commissioner.

**Persons Signed In To Testify But Not Testifying:** None.