CERTIFICATION OF ENROLLMENT

HOUSE BILL 2521

Chapter 110, Laws of 2010

61st Legislature
2010 Regular Session

HEALTH INSURANCE COVERAGE--TERMINATION--CONVERSION

EFFECTIVE DATE: 06/10/10

Passed by the House January 28, 2010
Yeas 97  Nays 0

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate February 27, 2010
Yeas 45  Nays 0

BRAD OWEN
President of the Senate

Approved March 18, 2010, 2:35 p.m.

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is HOUSE BILL 2521 as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER
Chief Clerk

FILED
March 18, 2010

CHRISTINE GREGOIRE
Governor of the State of Washington

Secretary of State
State of Washington
1 AN ACT Relating to conversion rights upon termination of
2 eligibility for health plan coverage; amending RCW 48.21.260,
3 48.44.370, and 48.46.450; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 48.21.260 and 1984 c 190 s 3 are each amended to read
as follows:
(1) Except as otherwise provided by this section, any group
disability insurance policy ((issued, renewed, or amended on or after
January 1, 1985,)) that provides benefits for hospital or medical
expenses ((shall)) must contain a provision granting a person covered
by the group policy the right to obtain a conversion policy from the
insurer upon termination of the person's eligibility for coverage under
the group policy.
(2) An insurer need not offer a conversion policy to:
(a) A person whose coverage under the group policy ended when the
person's employment or membership was terminated for misconduct:
PROVIDED, That when a person's employment or membership is terminated
for misconduct, a conversion policy shall be offered to the spouse
and/or dependents of the terminated employee or member. The policy
shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion policy, a person must submit a written application and the first premium payment for the conversion policy not later than thirty-one days after the date the person's group coverage terminates or thirty-one days after the date the person received notice of termination of coverage, whichever is later. The conversion policy shall become effective, without lapse of coverage, immediately following termination of coverage under the group policy.

(4) If an insurer or group policyholder does not renew, cancels, or otherwise terminates the group policy, the insurer must offer a conversion policy to any person who was covered under the terminated policy unless the person is eligible to obtain group hospital or medical expense coverage within thirty-one days after such nonrenewal, cancellation, or termination of the group policy or thirty-one days after the date the person received notice of termination of coverage, whichever is later.

(5) The insurer shall determine the premium for the conversion policy in accordance with the insurer's table of premium rates applicable to the age and class of risk of each person to be covered under the policy and the type and amount of benefits provided.

Sec. 2. RCW 48.44.370 and 1984 c 190 s 6 are each amended to read as follows:

(1) Except as otherwise provided by this section, any group health care service contract (entered into or renewed on or after January 1, 1985) that provides benefits for hospital or medical expenses must contain a provision granting a person covered by the group contract the right to obtain a conversion contract from the contractor upon termination of the person's eligibility for coverage under the group contract.

(2) A contractor need not offer a conversion contract to:
(a) A person whose coverage under the group contract ended when the 
person's employment or membership was terminated for misconduct:
PROVIDED, That when a person's employment or membership is terminated 
for misconduct, a conversion policy shall be offered to the spouse 
and/or dependents of the terminated employee or member. The policy 
shall include in the conversion provisions the same conversion rights 
and conditions which are available to employees or members and their 
spouses and/or dependents who are terminated for reasons other than 
misconduct;

(b) A person who is eligible for federal medicare coverage; or

(c) A person who is covered under another group plan, policy, 
contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion contract, a person must submit a 
written application and the first premium payment for the conversion 
contract not later than thirty-one days after the date the person's 
eligibility for group coverage terminates or thirty-one days after the 
date the person received notice of termination of coverage, whichever 
is later. The conversion contract shall become effective, without 
lapse of coverage, immediately following termination of coverage under 
the group contract.

(4) If a health care service contractor or group contract holder 
does not renew, cancels, or otherwise terminates the group contract, 
the health care service contractor (**shall**) must offer a conversion 
contract to any person who was covered under the terminated contract 
unless the person is eligible to obtain group hospital or medical 
expense coverage within thirty-one days after such nonrenewal, 
cancellation, or termination of the group contract or thirty-one days 
after the date the person received notice of termination of coverage, 
whichever is later.

(5) The health care service contractor shall determine the premium 
for the conversion contract in accordance with the contractor's table 
of premium rates applicable to the age and class of risk of each person 
to be covered under the contract and the type and amount of benefits 
provided.

Sec. 3. RCW 48.46.450 and 1984 c 190 s 9 are each amended to read 
as follows:

(1) Except as otherwise provided by this section, any group health
1 maintenance agreement ((entered into or renewed on or after January 1, 1985,)) that provides benefits for hospital or medical care ((shall)) must contain a provision granting a person covered by the group agreement the right to obtain a conversion agreement from the health maintenance organization upon termination of the person's eligibility for coverage under the group agreement.

(2) A health maintenance organization need not offer a conversion agreement to:

(a) A person whose coverage under the group agreement ended when the person's employment or membership was terminated for misconduct: PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion agreement, a person must submit a written application and the first premium payment for the conversion agreement not later than thirty-one days after the date the person's eligibility for group coverage terminates or thirty-one days after the date the person received notice of termination of coverage, whichever is later. The conversion agreement shall become effective without lapse of coverage, immediately following termination of coverage under the group agreement.

(4) If a health maintenance organization or group agreement holder does not renew, cancels, or otherwise terminates the group agreement, the health maintenance organization ((shall)) must offer a conversion agreement to any person who was covered under the terminated agreement unless the person is eligible to obtain group benefits for hospital or medical care within thirty-one days after such nonrenewal, cancellation, or termination of the group agreement or thirty-one days after the date the person received notice of termination of coverage, whichever is later.
(5) The health maintenance organization shall determine the premium for the conversion agreement in accordance with the organization's table of premium rates applicable to the age and class of risk of each person to be covered under the agreement and the type and amount of benefits provided.

NEW SECTION. Sec. 4. This act applies to any group disability insurance policy, group health care service contract, and group health maintenance agreement issued, entered into, or renewed on or after January 1, 2011.

Passed by the House January 28, 2010.
Passed by the Senate February 27, 2010.
Approved by the Governor March 18, 2010.
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