

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.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

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

**Secretary of State
State of Washington**

HOUSE BILL 2521

Passed Legislature - 2010 Regular Session

State of Washington 61st Legislature 2010 Regular Session

By Representatives Driscoll, Williams, Cody, Morrell, Ormsby, and Moeller; by request of Insurance Commissioner

Prefiled 01/04/10. Read first time 01/11/10. Referred to Committee on Health Care & Wellness.

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:

5 **Sec. 1.** RCW 48.21.260 and 1984 c 190 s 3 are each amended to read
6 as follows:

7 (1) Except as otherwise provided by this section, any group
8 disability insurance policy (~~issued, renewed, or amended on or after~~
9 ~~January 1, 1985,~~) that provides benefits for hospital or medical
10 expenses (~~shall~~) must contain a provision granting a person covered
11 by the group policy the right to obtain a conversion policy from the
12 insurer upon termination of the person's eligibility for coverage under
13 the group policy.

14 (2) An insurer need not offer a conversion policy to:

15 (a) A person whose coverage under the group policy ended when the
16 person's employment or membership was terminated for misconduct:
17 PROVIDED, That when a person's employment or membership is terminated
18 for misconduct, a conversion policy shall be offered to the spouse
19 and/or dependents of the terminated employee or member. The policy

1 shall include in the conversion provisions the same conversion rights
2 and conditions which are available to employees or members and their
3 spouses and/or dependents who are terminated for reasons other than
4 misconduct;

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

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

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

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

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

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

29 (1) Except as otherwise provided by this section, any group health
30 care service contract (~~entered into or renewed on or after January 1,~~
31 ~~1985,~~) that provides benefits for hospital or medical expenses
32 (~~shall~~) must contain a provision granting a person covered by the
33 group contract the right to obtain a conversion contract from the
34 contractor upon termination of the person's eligibility for coverage
35 under the group contract.

36 (2) A contractor need not offer a conversion contract to:

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

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

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

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

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

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

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

37 (1) Except as otherwise provided by this section, any group health

1 maintenance agreement (~~entered into or renewed on or after January 1,~~
2 ~~1985,~~) that provides benefits for hospital or medical care (~~shall~~)
3 must contain a provision granting a person covered by the group
4 agreement the right to obtain a conversion agreement from the health
5 maintenance organization upon termination of the person's eligibility
6 for coverage under the group agreement.

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

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

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

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

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

29 (4) If a health maintenance organization or group agreement holder
30 does not renew, cancels, or otherwise terminates the group agreement,
31 the health maintenance organization (~~shall~~) must offer a conversion
32 agreement to any person who was covered under the terminated agreement
33 unless the person is eligible to obtain group benefits for hospital or
34 medical care within thirty-one days after such nonrenewal,
35 cancellation, or termination of the group agreement or thirty-one days
36 after the date the person received notice of termination of coverage,
37 whichever is later.

1 (5) The health maintenance organization shall determine the premium
2 for the conversion agreement in accordance with the organization's
3 table of premium rates applicable to the age and class of risk of each
4 person to be covered under the agreement and the type and amount of
5 benefits provided.

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

 Passed by the House January 28, 2010.

 Passed by the Senate February 27, 2010.

 Approved by the Governor March 18, 2010.

 Filed in Office of Secretary of State March 18, 2010.