

**SENATE . . . . . No. 00452**

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The Commonwealth of Massachusetts

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PRESENTED BY:

*Marc R. Pacheco*

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act increasing options in the case of loss of group health insurance coverage..

\_\_\_\_\_  
PETITION OF:

NAME:

*Marc R. Pacheco*

DISTRICT/ADDRESS:

*First Plymouth and Bristol*

# SENATE . . . . . No. 00452

By Mr. Pacheco, petition (accompanied by bill, Senate, No. 452) of Pacheco for legislation to increase options in the case of loss of group health insurance coverage [Joint Committee on Financial Services].

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE  
SENATE  
, NO. 504 OF 2009-2010.]

## The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act increasing options in the case of loss of group health insurance coverage..

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter one hundred and seventy five is hereby amended by adding the  
2 following new section one hundred and ten L after section one hundred and ten K:

3 Section 110L. Short-Term Conversion Coverage.

4 (a) Every general, blanket, or group policy of health, accident and sickness insurance  
5 issued or delivered within or without the commonwealth by an insurer licensed under chapter  
6 one hundred and seventy five which covers residents of the commonwealth shall contain a  
7 provision that, in the event the carrier ceases to provide coverage under the policy, the carrier  
8 shall offer short-term conversion coverage to any individual covered under that policy who is not

9 eligible for an alternative general, blanket or group policy or otherwise eligible for continued  
10 group coverage.

11 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the  
12 coverage that the carrier had provided under the prior policy; and (2) extend at the option of the  
13 insured for up to, but no longer than, six months after the date the carrier ceases to provide the  
14 coverage under the general, blanket or group policy.

15 (c) The carrier may require payment of a premium for any period of short-term  
16 conversion coverage, except that such premium shall not exceed one hundred and ten percent of  
17 the premium that the carrier would have charged such person for similar coverage under the prior  
18 policy. At the election of the payor, premium payments may be made in monthly installments.

19 (d) Within fourteen days of the date on which the carrier ceases to provide the general,  
20 blanket or group policy, or, in the event that a policy is terminated retroactively because the  
21 group failed to pay premiums, within sixty days of the retroactive policy termination date, the  
22 carrier shall provide written notice explaining short-term conversion coverage to every  
23 individual who was covered under the policy; provided, however, the carrier shall not provide  
24 such notice when all individuals who were covered under the ceased policy have access to an  
25 alternative group health benefit plan. Individuals shall have thirty days from the date of the  
26 carrier's written notice to elect to participate in short-term conversion coverage, which coverage  
27 shall begin on the date that the general, blanket or group policy ceased to provide coverage.

28 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the  
29 basis of lack of, evidence of insurability.

30 (f) Short-term conversion coverage issued in accordance with this section shall not be  
31 subject to chapter one hundred and seventy-six M. Nothing in this section shall prohibit a carrier  
32 that is required to offer short-term conversion coverage from concurrently offering a conversion  
33 nongroup health plan as that term is defined in chapter one hundred and seventy-six M.

34 (g) Short-term conversion coverage issued under this section shall be considered a health  
35 plan and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

36 SECTION 2. Chapter one hundred and seventy six A is hereby amended by adding the  
37 following new section eight W after section eight V.

38 Section 8W. Short-Term Conversion Coverage.

39 (a) Every group hospital service plan issued or delivered within or without the  
40 commonwealth by a nonprofit hospital service corporation which covers residents of the  
41 commonwealth shall contain a provision that, in the event the nonprofit hospital service  
42 corporation ceases to provide coverage under the plan, the corporation shall offer short-term  
43 conversion coverage to any individual covered under that plan who is not eligible for an  
44 alternative group health benefit plan or otherwise eligible for continued group coverage.

45 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the  
46 coverage that the corporation had provided under the group hospital service plan; and (2) extend  
47 at the option of the insured for up to, but no longer than, six months after the date the corporation  
48 ceases to provide the coverage under the hospital service plan.

49 (c) The corporation may require payment of a premium for any period of short-term  
50 conversion coverage, except that such premium shall not exceed one hundred and ten percent of

51 the premium that the corporation would have charged such person for similar coverage under the  
52 prior plan. At the election of the payor, premium payments may be made in monthly  
53 installments.

54 (d) Within fourteen days of the date on which the corporation ceases to provide the group  
55 hospital service plan, or, in the event that a group hospital service plan is terminated retroactively  
56 because the group failed to pay premiums, within sixty days of the retroactive group plan  
57 termination date, the corporation shall provide written notice explaining short-term conversion  
58 coverage to every individual who was covered under the group plan; provided, however, the  
59 corporation shall not provide such notice when all individuals who were covered under the  
60 ceased plan have access to an alternative group health benefit plan. Individuals shall have thirty  
61 days from the date of the corporation's written notice to elect to participate in short-term  
62 conversion coverage, which coverage shall begin on the date that the group hospital service plan  
63 ceased to provide coverage.

64 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the  
65 basis of lack of, evidence of insurability.

66 (f) Short-term conversion coverage issued in accordance with this section shall not be  
67 subject to chapter one hundred and seventy-six M. Nothing in this section shall prohibit a  
68 nonprofit hospital service corporation that is required to offer short-term conversion coverage  
69 from concurrently offering a conversion nongroup health plan as that term is defined in chapter  
70 one hundred and seventy-six M

71 (g) Short-term conversion coverage issued under this section shall be considered a health  
72 plan and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

73 SECTION 3. Chapter one hundred and seventy six B is hereby amended by adding the  
74 following new section six C after section six B.

75 Section 6C. Short-Term Conversion Coverage.

76 (a) Every group medical service agreement issued or delivered within or without the  
77 commonwealth by a medical service corporation which covers residents of the commonwealth  
78 shall contain a provision that, in the event the corporation ceases to provide coverage under the  
79 service agreement, the medical service corporation shall offer short-term conversion coverage to  
80 any individual covered under that group service agreement who is not eligible for an alternative  
81 group health benefit plan or otherwise eligible for continued group coverage.

82 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the  
83 coverage that the corporation had provided under the prior group service agreement; and (2)  
84 extend at the option of the insured for up to, but no longer than, six months after the date the  
85 corporation ceases to provide the coverage under the group medical service agreement.

86 (c) The corporation may require payment of a premium for any period of short-term  
87 conversion coverage, except that such premium shall not exceed one hundred and ten percent of  
88 the premium that the corporation would have charged such person for similar coverage under the  
89 prior group medical service agreement. At the election of the payor, premium payments may be  
90 made in monthly installments.

91 (d) Within fourteen days of the date on which the corporation ceases to provide the group  
92 medical service agreement, or, in the event that a group service agreement is terminated  
93 retroactively because the group failed to pay premiums, within sixty days of the retroactive  
94 termination date, the corporation shall provide written notice explaining short-term conversion

95 coverage to every individual who was covered under the group medical service agreement;  
96 provided, however, the corporation shall not provide such notice when all individuals who were  
97 covered under the ceased service agreement have access to an alternative group health benefit  
98 plan. Individuals shall have thirty days from the date of the corporation's written notice to elect  
99 to participate in short-term conversion coverage, which coverage shall begin on the date that the  
100 group medical service agreement ceased to provide coverage.

101 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the  
102 basis of lack of, evidence of insurability.

103 (f) Short-term conversion coverage issued in accordance with this section shall not be  
104 subject to chapter one hundred and seventy-six M. Nothing in this section shall prohibit a  
105 medical service corporation that is required to offer short-term conversion coverage from  
106 concurrently offering a conversion nongroup health plan as that term is defined in chapter one  
107 hundred and seventy-six M

108 (g) Short-term conversion coverage issued under this section shall be considered a health  
109 plan and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

110 SECTION 4. Chapter one hundred and seventy six G is hereby amended by adding the  
111 following new section five B after section five A.

112 Section 5B. Short-Term Conversion Coverage.

113 (a) Every group health maintenance contract issued or delivered within or without the  
114 commonwealth by a health maintenance organization which covers residents of the  
115 commonwealth shall contain a provision that, in the event the health maintenance organization

116 ceases to provide coverage under the contract, the health maintenance organization shall offer  
117 short-term conversion coverage to any individual covered under that contract who is not eligible  
118 for an alternative group health benefit plan or otherwise eligible for continued group coverage.

119 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the  
120 coverage that the health maintenance organization had provided under the prior contract; and (2)  
121 extend at the option of the insured for up to, but no longer than, six months after the date the  
122 health maintenance organization ceases to provide the coverage under the group contract.

123 (c) The health maintenance organization may require payment of a premium for any  
124 period of short-term conversion coverage, except that such premium shall not exceed one  
125 hundred and ten percent of the premium that the health maintenance organization would have  
126 charged such person for similar coverage under the prior group contract. At the election of the  
127 payor, premium payments may be made in monthly installments.

128 (d) Within fourteen days of the date on which the health maintenance organization ceases  
129 to provide the group contract, or, in the event that a contract is terminated retroactively because  
130 the group failed to pay premiums, within sixty days of the retroactive contract termination date,  
131 the health maintenance organization shall provide written notice explaining short-term  
132 conversion coverage to every individual who was covered under the contract; provided, however,  
133 the health maintenance organization shall not provide such notice when all individuals who were  
134 covered under the ceased contract have access to an alternative group health benefit plan.  
135 Individuals shall have thirty days from the date of the health maintenance organization's written  
136 notice to elect to participate in short-term conversion coverage, which coverage shall begin on  
137 the date that the group contract ceased to provide coverage.



138 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the  
139 basis of lack of, evidence of insurability.

140 (f) Short-term conversion coverage issued in accordance with this section shall not be  
141 subject to chapter one hundred and seventy-six M. Nothing in this section shall prohibit a health  
142 maintenance organization that is required to offer short-term conversion coverage from  
143 concurrently offering a conversion nongroup health plan as that term is defined in chapter one  
144 hundred and seventy-six M

145 (g) Short-term conversion coverage issued under this section shall be considered a health  
146 plan and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

147 SECTION 5. Chapter one hundred and seventy six I is hereby amended by adding the  
148 following new section twelve after section eleven.

149 Section 12. Short-Term Conversion Coverage.

150 (a) Every insured group health benefit plan that includes a preferred provider  
151 arrangement issued or delivered within or without the commonwealth by an organization  
152 pursuant to chapter one hundred and seventy-six I which covers residents of the commonwealth  
153 shall contain a provision that, in the event the organization ceases to provide coverage under the  
154 health benefit plan, the organization shall offer short-term conversion coverage to any individual  
155 covered under that plan who is not eligible for an alternative group health benefit plan or  
156 otherwise eligible for continued group coverage.

157 (b) Short-term conversion coverage shall: (1) consist of coverage which is identical to the  
158 coverage that the organization had provided under the prior group plan; and (2) extend at the

159 option of the insured for up to, but no longer than, six months after the date the organization  
160 ceases to provide the coverage under the group health benefit plan.

161 (c) The organization may require payment of a premium for any period of short-term  
162 conversion coverage, except that such premium shall not exceed one hundred and ten percent of  
163 the premium that the organization would have charged such person for similar coverage under  
164 the prior health benefit plan. At the election of the payor, premium payments may be made in  
165 monthly installments.

166 (d) Within fourteen days of the date on which the organization ceases to provide the  
167 group health benefit plan, or, in the event that a plan is terminated retroactively because the  
168 group failed to pay premiums, within sixty days of the retroactive plan termination date, the  
169 organization shall provide written notice explaining short-term conversion coverage to every  
170 individual who was covered under the group plan; provided, however, the organization shall not  
171 provide such notice when all individuals who were covered under the ceased policy have access  
172 to an alternative group health benefit plan. Individuals shall have thirty days from the date of the  
173 organization's written notice to elect to participate in short-term conversion coverage, which  
174 coverage shall begin on the date that the group health benefit plan ceased to provide coverage.

175 (e) Short-term conversion coverage may not be conditioned upon, or discriminate on the  
176 basis of lack of, evidence of insurability.

177 (f) Short-term conversion coverage issued in accordance with this section shall not be  
178 subject to chapter one hundred and seventy-six M. Nothing in this section shall prohibit an  
179 organization that is required to offer short-term conversion coverage from concurrently offering

180 a conversion nongroup health plan as that term is defined in chapter one hundred and seventy-six  
181 M

182 (g) Short-term conversion coverage issued under this section shall be considered a health  
183 plan and a qualifying health plan pursuant to chapter one hundred and seventy-six N.

184 SECTION 6. Section 1 of Chapter 176K is hereby amended to add the following  
185 definition:

186 "Retirement association plan", any successor policy or contract providing healthcare benefits to a  
187 group of retired employees of an employer which previously maintained a healthcare policy or  
188 contract exempt from the provisions of this chapter pursuant to section 8, which policy or  
189 contract has terminated or is no longer providing healthcare benefits to retired employees."

190 SECTION 7. Section 8 of Chapter 176K is hereby amended to add the following after  
191 the first full sentence of the Section: "This chapter shall not apply to a retirement association  
192 plan, except that no retirement association plan may contain any waiting period or pre-existing  
193 condition limitation or exclusion."