

MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 1460, L.D. 2057)
2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 2273

8 H.P. 1615

House of Representatives, March 31, 1986

9 Reported by the majority from the Committee on Labor and printed
10 under Joint Rule 2. Original bill sponsored by Representative Beaulieu of
11 Portland. Cosponsored by Representative Hale of Sanford.

EDWIN H. PERT, Clerk

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-SIX
17

18 AN ACT to Amend the Law Relating to Group
19 Health Insurance.
20

21 Be it enacted by the People of the State of Maine as
22 follows:

23 Sec. 1. 24 MRSA §2330, sub-§11 is enacted to
24 read:

25 11. Continued group coverage; certain circum-
26 stances. Notwithstanding this section, if the termi-
27 nation of an individual's group insurance coverage is
28 a result of the member or employee being temporarily
29 laid off or losing his employment because of a
30 work-related injury or occupational disease, the
31 compensability of which under Title 39 is not contro-
32 verted by his employer, the insurer shall allow the
33 member or employee to elect, within the time period
34 prescribed by paragraph B, to continue coverage under
35 the group policy at the member's or employee's ex-
36 penditure or, at the member's or employee's option, to

1 convert to a policy of individual coverage without
2 evidence of insurability in accordance with this sec-
3 tion.

4 A. For the purposes of this subsection, the term
5 "member or employee" includes only those persons
6 who have been a member or employee for at least 6
7 months.

8 B. If the member's or employee's coverage is
9 terminated because of:

10 (1) A temporary layoff, the member or em-
11 ployee shall have 31 days from the termina-
12 tion of coverage in which to elect and make
13 his initial payment under this subsection;
14 or

15 (2) A noncontroverted work-related injury
16 or occupational disease, the member or em-
17 ployee shall have 60 days from the termina-
18 tion of coverage in which to elect and make
19 his initial payment under this subsection.

20 C. An insurer is not required to continue cover-
21 age under a group policy if the member or employ-
22 ee meets the conditions set out in subsection 3,
23 paragraph A.

24 D. The payment amount for continued group cover-
25 age under this subsection may not exceed the
26 group rate in effect for a group member, includ-
27 ing an employer's contribution, if any.

28 E. At the option of the member or employee, the
29 continued group coverage may cover the member or
30 employee, the member or employee and his depen-
31 dents or only the dependents of the member or em-
32 ployee; provided that, in the latter 2 cases, the
33 dependents have been covered for a period of at
34 least 3 months under the group policy, unless the
35 dependents were not eligible for coverage until
36 after the beginning of the 3-month period.

37 F. Except as provided in paragraph G, coverage
38 provided under this section shall continue and
39 may not be terminated:

1 (1) In the case of a termination which is
2 the result of a temporary layoff, until 6
3 months from the last day of work;

4 (2) In the case of a termination which is
5 the result of a member or employee losing
6 his employment because of a noncontroverted
7 work-related injury or occupational disease
8 which renders him partially incapacitated,
9 until 6 months from the last day of work;
10 and

11 (3) In the case of a termination which is
12 the result of a member or employee losing
13 his employment because of a noncontroverted
14 work-related injury or occupational disease
15 which renders him totally incapacitated, un-
16 til one year from the last day of work.

17 G. Coverage provided under this section may be
18 terminated sooner than provided under paragraph F
19 if:

20 (1) The member or employee fails to make
21 timely payment of a required premium amount;
22 or

23 (2) The member or employee becomes eligible
24 for coverage under another group policy.

25 H. At the expiration of any continued group cov-
26 erage obtained under this subsection, the member
27 or employee has the same conversion privileges as
28 otherwise granted under this section.

29 I. This subsection shall not be construed to:

30 (1) Prevent members or employees from nego-
31 tiating for or receiving greater continued
32 coverage of group insurance than is provided
33 in this subsection; or

34 (2) Require coverage beyond the time limits
35 set in paragraph E.

36 Sec. 2. 24-A MRSA §2809-A, sub-§11 is enacted to
37 read:

1 11. Continued group coverage; certain circum-
2 stances. Notwithstanding this section, if the termi-
3 nation of an individual's group insurance coverage is
4 a result of the member or employee being temporarily
5 laid off or losing his employment because of a
6 work-related injury or occupational disease, the
7 compensability of which under Title 39 is not contro-
8 verted by his employer, the insurer shall allow the
9 member or employee to elect, within the time period
10 prescribed by paragraph B, to continue coverage under
11 the group policy at the member's or employee's ex-
12 penditure or, at the member's or employee's option, to
13 convert to a policy of individual coverage without
14 evidence of insurability in accordance with this sec-
15 tion.

16 A. For the purposes of this subsection, the term
17 "member or employee" includes only those persons
18 who have been a member or employee for at least 6
19 months.

20 B. If the member's or employee's coverage is
21 terminated because of:

22 (1) A temporary layoff, the member or em-
23 ployee shall have 31 days from the termina-
24 tion of coverage in which to elect and make
25 his initial payment under this subsection;
26 or

27 (2) A noncontroverted work-related injury
28 or occupational disease, the member or em-
29 ployee shall have 60 days from the termina-
30 tion of coverage in which to elect and make
31 his initial payment under this subsection.

32 C. An insurer is not required to continue cover-
33 age under a group policy if the member or employ-
34 ee meets the conditions set out in subsection 3,
35 paragraph A.

36 D. The payment amount for continued group cover-
37 age under this subsection may not exceed the
38 group rate in effect for a group member, includ-
39 ing an employer's contribution, if any.

1 E. At the option of the member or employee, the
2 continued group coverage may cover the member or
3 employee, the member or employee and his dependen-
4 ts or only the dependents of the member or em-
5 ployee; provided that, in the latter 2 cases, the
6 dependents have been covered for a period of at
7 least 3 months under the group policy, unless the
8 dependents were not eligible for coverage until
9 after the beginning of the 3-month period.

10 F. Except as provided in paragraph G, coverage
11 provided under this section shall continue and
12 may not be terminated:

13 (1) In the case of a termination which is
14 the result of a temporary layoff, until 6
15 months from the last day of work;

16 (2) In the case of a termination which is
17 the result of a member or employee losing
18 his employment because of a noncontroverted
19 work-related injury or occupational disease
20 which renders him partially incapacitated,
21 until 6 months from the last day of work;
22 and

23 (3) In the case of a termination which is
24 the result of a member or employee losing
25 his employment because of a noncontroverted
26 work-related injury or occupational disease
27 which renders him totally incapacitated, un-
28 til one year from the last day of work.

29 G. Coverage provided under this section may be
30 terminated sooner than provided under paragraph F
31 if:

32 (1) The member or employee fails to make
33 timely payment of a required premium amount;
34 or

35 (2) The member or employee becomes eligible
36 for coverage under another group policy.

37 H. At the expiration of any continued group cov-
38 erage obtained under this subsection, the member
39 or employee has the same conversion privileges as
40 otherwise granted under this section.

1 I. This subsection shall not be construed to:

2 (1) Prevent members or employees from nego-
3 tiating for or receiving greater continued
4 coverage of group insurance than is provided
5 in this subsection; or

6 (2) Require coverage beyond the time limits
7 set in paragraph E.

8 STATEMENT OF FACT

9 This new draft allows certain employees the op-
10 tion to continue health insurance at their own ex-
11 pense, but at group rates upon termination of their
12 group coverage. To qualify for this privilege, the
13 employee must have been an employee for at least 6
14 months before his coverage is terminated and his cov-
15 erage must have been terminated because of a tempo-
16 rary layoff or because the employee has suffered a
17 work-related injury compensable under the Workers'
18 Compensation Act and which is not controverted by his
19 employer. No employee may continue coverage under
20 this new draft if he is eligible for Medicare or is
21 eligible for similar benefits under any other plan,
22 program or other group coverage arrangement, such as
23 a spouse's insurance plan.

24 The new draft allows the qualified employee to
25 remain a member of the employer's group insurance
26 plan at his own expense; he must pay his share of the
27 group rate, including the employer's contribution, if
28 any. This extended coverage may not be terminated
29 until 6 months after the employee's last day of work
30 in the case of a termination due to a layoff. In
31 the case of a termination due to a work-related in-
32 jury or disease, the extended coverage may not be
33 terminated until 6 months after the employee's last
34 day of work if he is found to be partially incapaci-
35 tated, or one year from the last day of work if the
36 employee is totally incapacitated. These dates
37 represent the outer limits of coverage provided under
38 this new draft. For example, if an employer contin-
39 ues to provide group insurance coverage to a laid-off
40 or injured employee for 3 months after the layoff or

1 injury, this new draft only requires that the employ-
2 ee be eligible for 3 additional months of group cov-
3 erage at his own expense, unless he is totally dis-
4 abled, in which event he is entitled to 9 additional
5 months. In effect, the employer receives a credit
6 for any extended coverage which he provides on his
7 own initiative to an otherwise eligible employee.
8 During this extended coverage period, the employee's
9 group coverage may only be terminated if he fails to
10 make the required premium payments or if he becomes
11 eligible for coverage under another policy. When the
12 period of extended coverage provided under this new
13 draft expires, the employee may still elect to con-
14 vert to an individual policy at his option as pro-
15 vided by existing law.

16 This new draft allows an employee who has lost
17 his job through no fault of his own to retain health
18 insurance at his own expense for himself and his de-
19 pendents at lower group rates. For the temporarily
20 laid-off worker, it provides a means to assist him in
21 protecting his family from catastrophic injury or
22 illness through the layoff period. For the workers'
23 compensation recipient, it provides protection for a
24 minimal period in which he must adjust to his dis-
25 ability.

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