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SB BILL NO. 150

INTRODUCED BY J. M. Ball

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO MAXIMUM INSURANCE PREMIUMS UPON CONVERSION OF INSURANCE PLANS; LOWERING THE MAXIMUM PREMIUM RATE FOR CONVERSION OF CERTAIN GROUP INSURANCE TO OTHER GROUP OR TO INDIVIDUAL INSURANCE FROM 200 PERCENT TO 150 PERCENT OF THE CUSTOMARY RATE FOR THAT GROUP OR INDIVIDUAL INSURANCE; AMENDING SECTIONS 33-22-508 AND 33-30-1007, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-508, MCA, is amended to read:

"33-22-508. Conversion on termination of eligibility. (1) A group disability insurance policy or certificate of insurance delivered or issued for delivery or renewed after October 1, 1981, must contain a provision that if the insurance or any portion of it on a person or the person's dependents or family members covered under the policy ceases because of termination of the person's employment or of the person's membership in the class or classes eligible for coverage under the policy or as a result of a person's employer discontinuing the employer's business or as a result of a person's employer discontinuing the group disability insurance policy and not providing for any other group disability insurance or plan and if the person had been insured for a period of 3 months and the person is not insured under another major medical disability insurance policy or plan, the person is entitled to have issued to the person by the insurer, without evidence of insurability, group coverage or an individual policy or, in the absence of an individual policy issued by the insurer, a group policy issued by the insurer, of hospital or medical service insurance on the person or the person's dependents or family members if application for the individual policy is made and the first premium tendered to the insurer within 31 days after the termination of group coverage.

(2) The individual policy or group policy, at the option of the insured, may be on any form then customarily issued by the insurer to individual or group policyholders, with the exception of a policy the eligibility for which is determined by affiliation other than by employment with a common entity. In addition, the insurer shall make available a conversion policy as required by subsection (4).

(3) The premium on the individual policy or group policy must be at no more than ~~200%~~ 150% of

1 the insurer's then customary rate applicable to the coverage of the individual or group policy. The
 2 customary rate is that rate that is normally issued for medically underwritten policies without discount for
 3 healthy lifestyles.

4 (4) The insurer shall make available an individual conversion policy that provides the level of
 5 benefits provided by the insurer's lowest cost basic health benefit plan, as defined in 33-22-1803. If the
 6 insurer is not a small employer carrier under part 18, the insurer shall make available an individual
 7 conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion rate may
 8 not exceed 150% of the highest rate charged for that plan."

9

10 **Section 2.** Section 33-30-1007, MCA, is amended to read:

11 **"33-30-1007. Conversion on termination of eligibility.** (1) The group hospital or medical service
 12 plan contract issued or renewed by a health service corporation after October 1, 1981, ~~shall~~ must contain
 13 a provision that if the insurance or any portion of it on a person, or a person's dependents or family
 14 members covered under the policy ceases because of termination of the person's employment or of a
 15 person's membership in the class or classes eligible for coverage under the policy, as a result of an
 16 employer discontinuing the employer's business, or as a result of an employer discontinuing the policy
 17 issued by the health service corporation and not providing for any other group disability insurance or plan,
 18 a person ~~shall~~ must, ~~provided that if~~ provided that if the person has been insured for a period of 3 months and ~~that if~~ if the
 19 person is not insured under another major medical disability insurance policy or plan, be entitled to have
 20 issued to the person by the insurer, without evidence of insurability, an individual policy of hospital or
 21 medical service insurance on the person or the person's dependents or family members. Application for the
 22 individual policy must be made and the first premium tendered to the insurer within 31 days after the
 23 termination of group coverage.

24 (2) The individual policy ~~shall~~ must, at the option of the insured, be on any of the forms then
 25 customarily issued by the insurer to individual policyholders with the exception of those whose eligibility
 26 is determined by their affiliation other than by employment with a particular entity. In addition, the health
 27 services corporation shall make available a conversion policy as required by subsection (4).

28 (3) The premium on the individual policy must be at no more than ~~200%~~ 150% of the insurer's
 29 then customary rate applicable to the coverage of the individual policy. The customary rate is that rate that
 30 is normally issued for medically underwritten policies without discount for healthy lifestyles.

1 (4) The health service corporation shall make available an individual conversion policy that provides
2 the level of benefits provided by its lowest cost basic health benefit plan, as defined in 33-22-1803. If the
3 insurer is not a small employer carrier under chapter 22, part 18, the insurer shall make available an
4 individual conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion
5 rate may not exceed 150% of the highest rate charged for that plan."

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7 NEW SECTION. **Section 3. Applicability.** [This act] applies to a policy, certificate, or contract of
8 disability insurance and a health service membership contract entered into or renewed on or after [the
9 effective date of this act].

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1 SENATE BILL NO. 150

2 INTRODUCED BY MILLER, ARNOTT

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO MAXIMUM INSURANCE PREMIUMS UPON
5 CONVERSION OF INSURANCE PLANS; LOWERING THE MAXIMUM PREMIUM RATE FOR CONVERSION
6 OF CERTAIN GROUP INSURANCE TO OTHER GROUP OR TO INDIVIDUAL INSURANCE FROM 200
7 PERCENT TO 150 PERCENT OF THE CUSTOMARY RATE FOR THAT GROUP OR INDIVIDUAL INSURANCE;
8 AMENDING SECTIONS 33-22-508 AND 33-30-1007, MCA; AND PROVIDING AN APPLICABILITY DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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15 provision that if the insurance or any portion of it on a person or the person's dependents or family
16 members covered under the policy ceases because of termination of the person's employment or of the
17 person's membership in the class or classes eligible for coverage under the policy or as a result of a
18 person's employer discontinuing the employer's business or as a result of a person's employer discontinuing
19 the group disability insurance policy and not providing for any other group disability insurance or plan and
20 if the person had been insured for a period of 3 months and the person is not insured under another major
21 medical disability insurance policy or plan, the person is entitled to have issued to the person by the insurer,
22 without evidence of insurability, group coverage or an individual policy or, in the absence of an individual
23 policy issued by the insurer, a group policy issued by the insurer, of hospital or medical service insurance
24 on the person or the person's dependents or family members if application for the individual policy is made
25 and the first premium tendered to the insurer within 31 days after the termination of group coverage.

26 (2) The individual policy or group policy, at the option of the insured, may be on any form then
27 customarily issued by the insurer to individual or group policyholders, with the exception of a policy the
28 eligibility for which is determined by affiliation other than by employment with a common entity. In addition,
29 the insurer shall make available a conversion policy as required by subsection (4).

30 (3) The premium on the individual policy or group policy must be at no more than ~~200%~~ 150% of

1 the insurer's then customary rate applicable to the coverage of the individual or group policy. The
 2 customary rate is that rate that is normally issued for medically underwritten policies without discount for
 3 healthy lifestyles.

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 6 insurer is not a small employer carrier under part 18, the insurer shall make available an individual
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 15 person's membership in the class or classes eligible for coverage under the policy, as a result of an
 16 employer discontinuing the employer's business, or as a result of an employer discontinuing the policy
 17 issued by the health service corporation and not providing for any other group disability insurance or plan,
 18 a person ~~shall~~ must, ~~provided that~~ if the person has been insured for a period of 3 months and ~~that~~ if the
 19 person is not insured under another major medical disability insurance policy or plan, be entitled to have
 20 issued to the person by the insurer, without evidence of insurability, an individual policy of hospital or
 21 medical service insurance on the person or the person's dependents or family members. Application for the
 22 individual policy must be made and the first premium tendered to the insurer within 31 days after the
 23 termination of group coverage.

24 (2) The individual policy ~~shall~~ must, at the option of the insured, be on any of the forms then
 25 customarily issued by the insurer to individual policyholders with the exception of those whose eligibility
 26 is determined by their affiliation other than by employment with a particular entity. In addition, the health
 27 services corporation shall make available a conversion policy as required by subsection (4).

28 (3) The premium on the individual policy must be at no more than ~~200%~~ 150% of the insurer's
 29 then customary rate applicable to the coverage of the individual policy. The customary rate is that rate that
 30 is normally issued for medically underwritten policies without discount for healthy lifestyles.

1 (4) The health service corporation shall make available an individual conversion policy that provides
2 the level of benefits provided by its lowest cost basic health benefit plan, as defined in 33-22-1803. If the
3 insurer is not a small employer carrier under chapter 22, part 18, the insurer shall make available an
4 individual conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion
5 rate may not exceed 150% of the highest rate charged for that plan."

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7 NEW SECTION. **Section 3. Applicability.** [This act] applies to a policy, certificate, or contract of
8 disability insurance and a health service membership contract entered into or renewed on or after [the
9 effective date of this act].

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