

BENEFITS ALERT

Rose & Kiernan, Inc.

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Public Act 10-13

The Connecticut General Assembly passed legislation, which Governor Rell signed into law on May 5, 2010 that allows certain employees/group certificate-holders to elect continuation of health coverage for up to 30 months.

Up until Public Act 10-13 became law, Connecticut had followed the federal COBRA rule allowing an extension of 18 months for Connecticut employees/group certificate-holders who lost coverage due to layoff, reduction of hours, leave of absence, or termination of employment, except in the event of death of the employee or termination of employment due to gross misconduct.

Now, with this change to Connecticut law, former employees covered under Connecticut fully insured small employer and large employer group health plans are eligible to keep their coverage for 30 months. Individuals who are currently on state or federal (COBRA) continuation due to one of the events described above are also eligible to extend their current continuation under this law.

As an example, if you are in the middle of a current 18-month continuation period, you are now eligible for continuation of an additional 12 months for a total of 30 months (provided you meet the other applicable provisions including paying premium on a timely basis). Please note that this extension only applies to the specific qualifying events listed above and does not change the continuation rules for other qualifying events.

The law applies to Connecticut group health insurance policies issued by a health insurer or HMO to employers of all sizes. The law does not apply to self-insured employer health plans, or to policies issued outside of Connecticut.

This new legislation does not apply to dental, vision, or prescription drug coverage, where such coverage is in a separate free-standing policy. The law does apply if the dental, vision, or prescription drug coverage is combined with, and included under, the group health policy. Affected health insurers and HMOs, together with their employer/group policyholders are to provide notice of these new rules to impacted individuals by July 4, 2010.

It is important to note that, although Connecticut has extended the maximum continuation period to 30 months, the maximum period of premium subsidy available for qualifying laid-off employees on or before May 31, 2010, under federal law, is 15 months. Therefore, eligible individuals would be responsible for full payment of the continuation premium for the time period after the federal subsidy expires (up to 15 months).

This Summary is provided to you for general information purposes only and does not include references to other legal resources (e.g., supporting regulations, or formal or informal opinions) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plan.

