

*Regulations of Connecticut State Agencies*

TITLE 38a. Insurance Department

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*Agency*

**Insurance Department**

*Subject*

**Group Coverage Discontinuance and Replacement**

*Inclusive Sections*

**§§ 38a-546-1—38a-546-6**

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**Group Coverage Discontinuance and Replacement**

**Sec. 38a-546-1. Applicability and scope**

Section 38a-546-1 to 38a-546-5, inclusive, of the Regulations of Connecticut State Agencies, shall apply to all group insurance policies in effect, delivered, or issued for delivery in this state. The provisions of section 38a-546-5(a) of the Regulations of Connecticut State Agencies shall be effective for all covered persons whose group health insurance plan terminates on or after the effective date of section 38a-546-1 to 38a-546-5, inclusive, of the Regulations of Connecticut State Agencies.

(Adopted effective September 25, 1992; Amended August 30, 2004)

**Sec. 38a-546-2. Definitions**

As used in section 38a-546-1 to section 38a-546-4, inclusive, of the Regulations of Connecticut State Agencies:

(1) “Carrier” means a health care center, insurer, hospital and medical service corporation or other entity responsible for the payment of benefits or provision of services under a group contract;

(2) “Commissioner” means the Insurance Commissioner;

(3) “Group disability income protection policy” means a contract for coverage of the type specified in subdivision (5) of section 38a-469 of the Connecticut General Statutes that by its terms limits eligibility to members or employees of a specified group;

(4) “Group health insurance policy” means a contract for coverage of the type specified in subdivisions (1), (2), (3), (4), (11) and (12) of section 38a-469 of the Connecticut General Statutes that by its terms limits eligibility to members or employees of a specified group;

(5) “Group hospital confinement indemnity policy” means a contract for coverage of the type specified in subdivision (3) of section 38a-469 of the Connecticut General Statutes that by its terms limits eligibility to members or employees of a specified group;

(6) “Group insurance policy” means any group health insurance policies, group life plans, group disability income protection policies, and their associated subscriber contracts, certificates, or agreements, if any; and

(7) “Group life plan” means a contract for life insurance issued to members or employees of a specified group as set forth in section 38a-431 of the Connecticut General Statutes.

(Adopted effective September 25, 1992; Amended August 30, 2004)

**Sec. 38a-546-3. Effective date of discontinuance for nonpayment of premium or subscription charges**

(a) If a group insurance policy provides for automatic discontinuance of the policy or contract after a premium or subscription charge has remained unpaid through the grace period allowed for such payment, the carrier shall be liable for valid claims for covered losses incurred prior to the end of the grace period.

(b) If the actions of the carrier after the end of the grace period indicate that it considered

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the policy or contract as continuing in force beyond the end of the grace period (such as by not denying claims for losses beginning after the end of the grace period), the carrier shall be liable for valid claims for losses beginning prior to the effective date of written notice of discontinuance to the policyholder or other entity responsible for making payments or submitting subscription charges to the carrier. The effective date of discontinuance shall not be prior to midnight at the end of the third scheduled work day after the date upon which the notice is delivered.

(Adopted effective September 25, 1992; Amended August 30, 2004)

**Sec. 38a-546-4. Requirements for notice of discontinuance**

(a) Any notice of discontinuance so given by the carrier shall include a request to the group policyholder or other entity involved to notify employees or members covered under the policy or subscriber contract of the date as of which the group policy or contract will discontinue and to advise that, unless otherwise provided in the policy or contract, the carrier shall not be liable for claims for losses incurred after such date. Such notice of discontinuance shall also advise, in any instance in which the plan involves employee or member contributions, that if the policyholder or other entity continues to collect contributions for the coverage beyond the date of discontinuance, the policyholder or other entity may be held solely liable for the benefits with respect to which the contributions have been collected.

(b) The carrier will prepare and furnish to the policyholder or other entity at the same time a supply of a notice form to be distributed to the employees or members concerned indicating such discontinuance and the effective date thereof, and urging the employees or members to refer to their certificates or contracts in order to determine what rights, if any, are available to them upon such discontinuance.

Nothing in this section shall relieve the employer from the notice of cancellation, discontinuance or substitution of coverage requirements in section 38a-537 of the General Statutes.

(Effective September 25, 1992)

**Sec. 38a-546-5. Group extension of benefits, continuation of benefits, conversion, and pre-existing conditions**

(a) **Extension of benefits.** In accordance with section 38a-546 of the Connecticut General Statutes, every group insurance policy shall provide a reasonable provision for extension of benefits in the event of total disability at the date of discontinuance of the group insurance policy, as follows:

(1) In the case of a group life plan that contains a disability benefit extension of any type (e.g., premium waiver extension, extended death benefit in event of total disability, or payment of income for a specified period during total disability), the discontinuance of the group insurance policy shall not operate to terminate such extension.

(2) In the case of a group disability income protection policy or group hospital

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confinement indemnity policy, discontinuance of the policy during a disability shall have no effect on benefits payable for that disability or confinement.

(3) In the case of a group health insurance plan, the extension of benefits provision shall provide coverage set forth in subparagraphs (A), (B), and (C) of this subdivision.

(A) No succeeding carrier. When there is no succeeding group health insurance plan sponsored by the employer and insured by another carrier, for covered individuals who were confined to a health care facility or totally disabled, on the date the policy is discontinued, the group health insurance plan shall provide coverage for the confinement including professional services and supplies rendered during the confinement in the health care facility and for all services related to the disabling condition, as applicable, without premium payment, according to the terms of its plan.

(i) Length of extension. The extension will apply until the date the covered individual is not confined to a health care facility, or for those not confined to a health care facility - not totally disabled, or the date that is twelve calendar months following the date the policy was discontinued, whichever is earlier.

(ii) Submission of claim. Extension of benefits will be available provided that evidence of the facility confinement, if any, and any disabling condition is submitted within one year of the termination of the plan and claims for coverage are submitted in accordance with the plan terms.

(B) Succeeding carrier for person confined in a health care facility. When the group health insurance plan is replaced by a succeeding group health insurance plan sponsored by the employer and insured by another carrier, for covered individuals who were confined to a health care facility on the date the policy is discontinued, the prior group health plan shall provide coverage for the confinement including professional services and supplies rendered during the confinement in the health care facility, without premium payment.

(i) Length of extension. The extension will apply until the date the covered individual is not confined to a health care facility, or the date that is twelve calendar months following the date the policy was discontinued, whichever is earlier.

(ii) Submission of claim. Extension of benefits will be available provided that evidence of facility confinement and any disabling condition is submitted within one year of the termination of the plan and claims for coverage are submitted in accordance with the plan terms.

(iii) Transition of care. The succeeding carrier shall be responsible for all other coverage for the individual, including transition of care benefits that provide the individual with a reasonable opportunity to use their current health care provider(s) for a period of time that is clinically appropriate for the treatment of the condition related to the confinement. During the transitional period, benefits under the succeeding carrier's plan for treatment of the condition related to the confinement will not be reduced because of lack of participation in the succeeding carrier's network or lack of certification by the succeeding carrier for services pre-certified by the prior carrier. Nothing herein shall be construed as authorizing or requiring medical necessity certification procedures between the managed care

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organization and the provider that are not set forth in the contract between the managed care organization and the provider.

(C) Succeeding carrier for a totally disabled person not confined in a health care facility. When the group health insurance plan is replaced by a succeeding group health insurance plan sponsored by the employer and insured by another carrier, for covered individuals who are totally disabled but not confined to a health care facility on the date the policy is discontinued, the succeeding group health plan shall provide coverage in accordance with the plan terms.

(i) Transition of care. The succeeding carrier shall be responsible for all coverage for the totally disabled individual, including transition of care benefits that provide the individual with a reasonable opportunity to use their current health care provider(s) for a period of time that is clinically appropriate for the treatment of the disabling condition. During the transitional period, benefits under the succeeding carrier's plan for treatment of the disabling condition will not be reduced because of lack of participation in the succeeding carrier's network or lack of certification by the succeeding carrier for services pre-certified by the prior carrier. Nothing herein shall be construed as authorizing or requiring medical necessity certification procedures between the managed care organization and the provider that are not set forth in the contract between the managed care organization and the provider.

(b) **Continuation of benefits.** Pursuant to sections 38a-546 and 38a-538 of the Connecticut General Statutes, in the case of a group health insurance plan, the continuation of benefits provision shall contain the following provisions for continuation of benefits:

(1) Regardless of an individual's eligibility for other group insurance, during an employee's absence due to illness or injury, coverage for such employee and their covered dependents during continuance of such illness or injury or for up to twelve months from the beginning of such absence, whichever is sooner. Such individual may be required to contribute up to that portion of the premium the individual would have been required to contribute had the employee remained an active covered employee. This provision does not obligate the employer to pay the individual's premium if the individual does not pay the premium.

(2) In any case in which coverage has been continued pursuant to section 38a-546 of the Connecticut General Statutes, the individual may be required to pay up to the rate allowed by the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended from time to time (COBRA). This provision does not obligate the employer to pay the individual's premium if the individual does not pay the premium except, pursuant to section 38a-554(b) of the Connecticut General Statutes, upon termination of the group plan, coverage for covered individuals who were totally disabled on the date of termination of the group plan shall be continued without premium payment during the continuance of such disability for a period of twelve calendar months following the calendar month in which the plan was terminated, provided claim is submitted for coverage within one year of the termination of the plan.

(3) Any individual whose coverage has been continued, as of the date the contract is

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replaced, shall be covered by the succeeding carrier's plan of benefits for the duration of the continuation of coverage period, provided that within 31 days after the date of the replacement the succeeding carrier is paid the premium necessary to continue coverage for the individual.

(c) **Conversion.** All group insurance policies shall include a provision explaining the conversion privileges available upon termination of coverage or at the end of an extension of benefits provision.

(d) **Pre-Existing Condition.** In the case of a pre-existing conditions limitation included in the succeeding carrier's plan, the level of benefits applicable to preexisting conditions of persons becoming covered by the succeeding carrier's plan in accordance with this subsection during the period of time this limitation applies under the new plan shall be the lesser of:

(1) The benefits of the new plan determined without application of the pre-existing conditions limitation, or

(2) The benefits of the prior plan.

(e) In any situation where a determination of the prior carrier's benefit is required by the succeeding carrier, at the succeeding carrier's request the prior carrier shall furnish a statement of the benefits available or pertinent information, sufficient to permit verification of the benefit determination or the determination itself by the succeeding carrier.

(f) Any applicable extension of benefits or accrued liability shall be described in every group insurance policy. The benefits payable during any period of extension or accrued liability may be subject to the group insurance policy regular benefit limitations (e.g., benefits ceasing at exhaustion of a benefit period or of maximum benefits).

(Adopted effective September 25, 1992; Amended August 30, 2004)

**Sec. 38a-546-6. Repealed**

Repealed August 30, 2004.