

§2849. Continuity on replacement of group policy

1. Policies subject to this section. Notwithstanding any other provision of law, this section applies to all group and blanket medical insurance policies issued by insurers or health maintenance organizations to policyholders who are obtaining coverage for a group or subgroup to replace coverage under a different contract or policy issued by a nonprofit hospital or medical service organization, insurer or health maintenance organization, or to replace coverage under an uninsured employee benefit plan that provides payment for health services received by employees or their dependents if the policyholder has applied for coverage under the replacement policy within 90 days after termination of coverage under the contract or policy being replaced. For purposes of this section, the group or blanket policy issued to replace the prior contract or policy is the "replacement policy." The group or blanket contract or policy or uninsured employee benefit plan, or a number of individual contracts or policies if the premiums were paid by the employer or by payroll deduction, being replaced is the "replaced contract or policy."

[PL 2007, c. 199, Pt. D, §1 (AMD).]

2. Persons provided continuity of coverage under this section. This section provides continuity of coverage to persons who were covered under the replaced contract or policy at any time during the 90 days before the discontinuance of the replaced contract or policy.

[PL 1993, c. 349, §53 (RPR).]

3. Prohibition against discontinuity. In a replacement policy subject to this section, an insurer or health maintenance organization may not, for any person described in subsection 2:

A. Request that the person provide or otherwise seek to obtain evidence of individual insurability. This does not limit the insurer's right to require information concerning the health of the individuals in the group to the extent that the information is relevant to determine rates for the group; [PL 2025, c. 348, §32 (AMD).]

B. Decline to enroll the person on the basis of evidence of insurability if the person is otherwise eligible for coverage; [PL 1997, c. 370, Pt. B, §2 (AMD).]

C. Impose a preexisting condition exclusion period or waiting period on that person, except as provided in this section; or [PL 2009, c. 244, Pt. E, §2 (AMD).]

D. Direct or propose to the employer or the person that the person purchase an individual plan in lieu of providing coverage under the replacement policy. The superintendent shall initiate enforcement proceedings when investigation of the circumstances surrounding procurement of an individual policy at the time of replacement of the group policy produces evidence that such procurement was undertaken in violation of this section and section 2155-A. [PL 1997, c. 370, Pt. B, §3 (NEW).]

[PL 2025, c. 348, §32 (AMD).]

3-A. Persons subject to a preexisting condition exclusion.

[PL 2019, c. 5, Pt. A, §14 (RP).]

4. Persons covered for fewer than 90 continuous days.

[PL 2001, c. 258, Pt. E, §6 (RP).]

5. Liability after discontinuance. The nonprofit hospital or medical service organization, insurer or health maintenance organization that issued the replaced contract or policy is liable after discontinuance of that contract or policy only to the extent of its accrued liabilities and extensions of benefits.

[PL 1993, c. 349, §53 (RPR).]

6. Rules. The superintendent may adopt rules that substitute for the requirement of subsection 3, paragraph C a requirement that prohibits application of a preexisting condition exclusion or waiting

period with respect to classes or categories of benefits that are covered under the replaced contract or policy. The rules must define those classes or categories consistent with any federal regulations adopted pursuant to the federal Public Health Service Act, Title XXVII, Section 2701(c)(3)(B). [PL 1997, c. 445, §24 (NEW); PL 1997, c. 445, §32 (AFF).]

SECTION HISTORY

PL 1989, c. 835, §3 (NEW). PL 1989, c. 867, §§8,10 (NEW). PL 1991, c. 695, §7 (RPR). PL 1991, c. 824, §A53 (RPR). PL 1993, c. 349, §53 (RPR). PL 1993, c. 666, §D3 (AMD). PL 1995, c. 332, §F3 (AMD). PL 1997, c. 370, §§B2,3 (AMD). PL 1997, c. 445, §24 (AMD). PL 1997, c. 445, §32 (AFF). PL 2001, c. 258, §E6 (AMD). PL 2007, c. 199, Pt. D, §1 (AMD). PL 2009, c. 244, Pt. E, §§2, 3 (AMD). PL 2019, c. 5, Pt. A, §14 (AMD). PL 2025, c. 348, §32 (AMD).

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