

INSURANCE COMPANY NOTIFICATION REQUIREMENTS

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: Chad E. Bennion

This act modifies the Insurance Code by amending provisions related to health insurance for dependents after a divorce. The act amends the requirements for an insurance company to inform custodial parents of insurance available through a noncustodial parent's employer. The act modifies the notice that must be provided before terminating dependent coverage.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

31A-22-610.5, as last amended by Chapters 102 and 137, Laws of Utah 1995

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-22-610.5** is amended to read:

31A-22-610.5. Dependent coverage.

(1) As used in this section, "child" has the same meaning as defined in Section 78-45-2.

(2) (a) Any individual or group health insurance policy or health maintenance organization contract that provides coverage for a policyholder's or certificate holder's dependent shall not terminate coverage of an unmarried dependent by reason of the dependent's age before the dependent's 26th birthday and shall, upon application, provide coverage for all unmarried dependents up to age 26.

(b) The cost of coverage for unmarried dependents 19 to 26 years of age shall be included in the premium on the same basis as other dependent coverage.

(c) This section does not prohibit the employer from requiring the employee to pay all or part of the cost of coverage for unmarried dependents.

(3) An individual or group health insurance policy or health maintenance organization contract shall reinstate dependent coverage, and for purposes of all exclusions and limitations, shall treat the dependent as if the coverage had been in force since it was terminated; if:

(a) the dependent has not reached the age of 26 by July 1, 1995;

(b) the dependent had coverage prior to July 1, 1994;

(c) prior to July 1, 1994, the dependent's coverage was terminated solely due to the age of the dependent; and

(d) the policy has not been terminated since the dependent's coverage was terminated.

(4) (a) When a parent is required by a court or administrative order to provide health insurance coverage for a child, a disability insurer may not deny enrollment of a child under the disability insurance plan of the child's parent on the grounds the child:

(i) was born out of wedlock and is entitled to coverage under Subsection (6);

(ii) was born out of wedlock and the custodial parent seeks enrollment for the child under the custodial parent's policy;

(iii) is not claimed as a dependent on the parent's federal tax return; or

(iv) does not reside with the parent or in the insurer's service area.

(b) A disability insurer providing enrollment under Subsection (4)(a)(iv) is subject to the requirements of Subsection (5).

(5) A health maintenance organization or a preferred provider organization may use alternative delivery systems or indemnity insurers to provide coverage under Subsection (4)(a)(iv) outside its service area. The provisions of Section 31A-8-408 do not apply to this Subsection (5).

(6) When a child has disability coverage through an insurer of a noncustodial parent, and when requested by the noncustodial or custodial parent, the insurer shall:

(a) provide information to the custodial parent as necessary for the child to obtain benefits through that coverage, but the insurer or employer, or the agents or employees of either of them, are not civilly or criminally liable for providing information in compliance with this Subsection (6)(a), whether the information is provided pursuant to a verbal or written request;

(b) permit the custodial parent or the service provider, with the custodial parent's approval, to submit claims for covered services without the approval of the noncustodial parent; and

(c) make payments on claims submitted in accordance with Subsection (6)(b) directly to the custodial parent, the child who obtained benefits, the provider, or the state Medicaid agency.

(7) When a parent is required by a court or administrative order to provide health coverage for a child, and the parent is eligible for family health coverage, the insurer shall:

(a) permit the parent to enroll, under the family coverage, a child who is otherwise eligible for the coverage without regard to an enrollment season restrictions;

(b) if the parent is enrolled but fails to make application to obtain coverage for the child, enroll the child under family coverage upon application of the child's other parent, the state agency administering the Medicaid program, or the state agency administering 42 U.S.C. 651 through 669, the child support enforcement program; and

(c) (i) when the child is covered by an individual policy, not disenroll or eliminate coverage of the child unless the insurer is provided satisfactory written evidence that:

[(†)] (A) the court or administrative order is no longer in effect; or

[(†)] (B) the child is or will be enrolled in comparable disability coverage through another insurer which will take effect not later than the effective date of disenrollment[-]; or

(ii) when the child is covered by a group policy, not disenroll or eliminate coverage of the child unless the employer is provided with satisfactory written evidence, which evidence is also provided to the insurer, that Subsection (10)(c)(i), (ii) or (iii) has happened.

(8) An insurer may not impose requirements on a state agency which has been assigned the rights of an individual eligible for medical assistance under Medicaid and covered for disability benefits from the insurer that are different from requirements applicable to an agent or assignee of any other individual so covered.

(9) Insurers may not reduce their coverage of pediatric vaccines below the benefit level in effect on May 1, 1993.

(10) When a parent is required by a court or administrative order to provide health coverage, which is available through an employer doing business in this state, the employer shall:

(a) permit the parent to enroll under family coverage any child who is otherwise eligible for coverage without regard to any enrollment season restrictions;

(b) if the parent is enrolled but fails to make application to obtain coverage of the child, enroll the child under family coverage upon application by the child's other parent, by the state agency administering the Medicaid program, or the state agency administering 42 U.S.C. 651 through 669, the child support enforcement program;

(c) not disenroll or eliminate coverage of the child unless the employer is provided satisfactory written evidence that:

- (i) the court order is no longer in effect;
- (ii) the child is or will be enrolled in comparable coverage which will take effect no later than the effective date of disenrollment; or
- (iii) the employer has eliminated family health coverage for all of its employees; and
- (d) withhold from the employee's compensation the employee's share, if any, of premiums for health coverage and to pay this amount to the insurer.

(11) An order issued under Section 62A-11-326.1 may be considered a "qualified medical support order" for the purpose of enrolling a dependent child in a group disability insurance plan as defined in Section 609(a), Federal Employee Retirement Income Security Act of 1974.

(12) This section does not affect any insurer's ability to require as a precondition of any child being covered under any policy of insurance that:

- (a) the parent continues to be eligible for coverage;
- (b) the child shall be identified to the insurer with adequate information to comply with this section; and
- (c) the premium shall be paid when due.

(13) The provisions of this section apply to employee welfare benefit plans as defined in Section 26-19-2.