

1 **INSURANCE COMPANY NOTIFICATION**

2 **REQUIREMENTS**

3 2001 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Chad E. Bennion**

6 **This act modifies the Insurance Code by amending provisions related to health insurance for**
7 **dependents after a divorce. The act amends the requirements for an insurance company to**
8 **inform custodial parents of insurance available through a noncustodial parent's employer.**

9 **The act modifies the notice that must be provided before terminating dependent coverage.**

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

11 AMENDS:

12 **31A-22-610.5**, as last amended by Chapters 102 and 137, Laws of Utah 1995

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

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

15 **31A-22-610.5. Dependent coverage.**

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

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

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

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

26 (3) An individual or group health insurance policy or health maintenance organization
27 contract shall reinstate dependent coverage, and for purposes of all exclusions and limitations,

28 shall treat the dependent as if the coverage had been in force since it was terminated; if:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

89 (i) the court order is no longer in effect;

90 (ii) the child is or will be enrolled in comparable coverage which will take effect no later
91 than the effective date of disenrollment; or

92 (iii) the employer has eliminated family health coverage for all of its employees; and

93 (d) withhold from the employee's compensation the employee's share, if any, of premiums
94 for health coverage and to pay this amount to the insurer.

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

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

100 (a) the parent continues to be eligible for coverage;

101 (b) the child shall be identified to the insurer with adequate information to comply with
102 this section; and

103 (c) the premium shall be paid when due.

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

Legislative Review Note
as of 1-16-01 9:42 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel