

**Effective 5/13/2014**

**31A-30-107 Renewal -- Limitations -- Exclusions -- Discontinuance and nonrenewal.**

- (1) Except as otherwise provided in this section, a small employer health benefit plan is renewable and continues in force:
  - (a) with respect to all eligible employees and dependents; and
  - (b) at the option of the plan sponsor.
- (2) A small employer health benefit plan may be discontinued or nonrenewed:
  - (a) for a network plan, if there is no longer any enrollee under the group health plan who lives, resides, or works in:
    - (i) the service area of the covered carrier; or
    - (ii) the area for which the covered carrier is authorized to do business; or
  - (b) for coverage made available in the small or large employer market only through an association, if:
    - (i) the employer's membership in the association ceases; and
    - (ii) the coverage is terminated uniformly without regard to any health status-related factor relating to any covered individual.
- (3) A small employer health benefit plan may be discontinued if:
  - (a) a condition described in Subsection (2) exists;
  - (b) except as prohibited by Section 31A-30-206, the plan sponsor fails to pay premiums or contributions in accordance with the terms of the contract;
  - (c) the plan sponsor:
    - (i) performs an act or practice that constitutes fraud; or
    - (ii) makes an intentional misrepresentation of material fact under the terms of the coverage;
  - (d) the covered carrier:
    - (i) elects to discontinue offering a particular small employer health benefit product delivered or issued for delivery in this state; and
    - (ii)
      - (A) provides notice of the discontinuation in writing:
        - (I) to each plan sponsor, employee, or dependent of a plan sponsor or an employee; and
        - (II) at least 90 days before the date the coverage will be discontinued;
      - (B) provides notice of the discontinuation in writing:
        - (I) to the commissioner; and
        - (II) at least three working days prior to the date the notice is sent to the affected plan sponsors, employees, and dependents of the plan sponsors or employees;
      - (C) offers to each plan sponsor, on a guaranteed issue basis, the option to purchase all other small employer health benefit products currently being offered by the small employer carrier in the market; and
      - (D) in exercising the option to discontinue that product and in offering the option of coverage in this section, acts uniformly without regard to:
        - (I) the claims experience of a plan sponsor;
        - (II) any health status-related factor relating to any covered participant or beneficiary; or
        - (III) any health status-related factor relating to any new participant or beneficiary who may become eligible for the coverage; or
  - (e) the covered carrier:
    - (i) elects to discontinue all of the covered carrier's small employer health benefit plans in:
      - (A) the small employer market;
      - (B) the large employer market; or
      - (C) both the small employer and large employer markets; and

- (ii)
  - (A) provides notice of the discontinuation in writing:
    - (I) to each plan sponsor, employee, or dependent of a plan sponsor or an employee; and
    - (II) at least 180 days before the date the coverage will be discontinued;
  - (B) provides notice of the discontinuation in writing:
    - (I) to the commissioner in each state in which an affected insured individual is known to reside; and
    - (II) at least 30 working days prior to the date the notice is sent to the affected plan sponsors, employees, and the dependents of the plan sponsors or employees;
  - (C) discontinues and nonrenews all plans issued or delivered for issuance in the market; and
  - (D) provides a plan of orderly withdrawal as required by Section 31A-4-115.
- (4) A small employer health benefit plan may be discontinued or nonrenewed:
  - (a) if a condition described in Subsection (2) exists; or
  - (b) except as prohibited by Section 31A-30-206, for noncompliance with the insurer's employer contribution requirements.
- (5) A small employer health benefit plan may be nonrenewed:
  - (a) if a condition described in Subsection (2) exists; or
  - (b) except as prohibited by Section 31A-30-206, for noncompliance with the insurer's minimum participation requirements.
- (6)
  - (a) Except as provided in Subsection (6)(d), an eligible employee may be discontinued if after issuance of coverage the eligible employee:
    - (i) engages in an act or practice that constitutes fraud in connection with the coverage; or
    - (ii) makes an intentional misrepresentation of material fact in connection with the coverage.
  - (b) An eligible employee that is discontinued under Subsection (6)(a) may reenroll:
    - (i) 12 months after the date of discontinuance; and
    - (ii) if the plan sponsor's coverage is in effect at the time the eligible employee applies to reenroll.
  - (c) At the time the eligible employee's coverage is discontinued under Subsection (6)(a), the covered carrier shall notify the eligible employee of the right to reenroll when coverage is discontinued.
  - (d) An eligible employee may not be discontinued under this Subsection (6) because of a fraud or misrepresentation that relates to health status.
- (7) For purposes of this section, a reference to "plan sponsor" includes a reference to the employer:
  - (a) with respect to coverage provided to an employer member of the association; and
  - (b) if the small employer health benefit plan is made available by a covered carrier in the employer market only through:
    - (i) an association;
    - (ii) a trust; or
    - (iii) a discretionary group.
- (8) A covered carrier may modify a small employer health benefit plan only:
  - (a) at the time of coverage renewal; and
  - (b) if the modification is effective uniformly among all plans with that product.

Amended by Chapter 290, 2014 General Session  
Amended by Chapter 300, 2014 General Session  
Amended by Chapter 425, 2014 General Session

