

(215 ILCS 5/367e) (from Ch. 73, par. 979e)

Sec. 367e. Continuation of Group Hospital, Surgical and Major Medical Coverage After Termination of Employment or Membership. A group policy delivered, issued for delivery, renewed or amended in this state which insures employees or members for hospital, surgical or major medical insurance on an expense incurred or service basis, other than for specific diseases or for accidental injuries only, shall provide that employees or members whose insurance under the group policy would otherwise terminate because of termination of employment or membership or because of a reduction in hours below the minimum required by the group plan shall be entitled to continue their hospital, surgical and major medical insurance under that group policy, for themselves and their eligible dependents, subject to all of the group policy's terms and conditions applicable to those forms of insurance and to the following conditions:

1. Continuation shall only be available to an employee or member who has been continuously insured under the group policy (and for similar benefits under any group policy which it replaced) during the entire 3 months period ending with such termination or reduction in hours below the minimum required by the group plan.

2. Continuation shall not be available for any person who is covered by Medicare, except for those individuals who have been covered under a group Medicare supplement policy. Neither shall continuation be available for any person who is covered by any other insured or uninsured plan which provides hospital, surgical or medical coverage for individuals in a group and under which the person was not covered immediately prior to such termination or reduction in hours below the minimum required by the group plan or who exercises his conversion privilege under the group policy.

3. Continuation need not include dental, vision care, prescription drug benefits, disability income, specified disease, or similar supplementary benefits which are provided under the group policy in addition to its hospital, surgical or major medical benefits.

4. Upon termination or reduction in hours below the minimum required by the group plan written notice of continuation shall be presented to the employee or member by the employer or mailed by the employer to the last known address of the employee. An employee or member who wishes continuation of coverage must request such continuation in writing within the ten-day period following the later of: (i) the date of such termination or reduction in hours below the minimum required by the group plan, or (ii) the date the employee is given written notice of the right of continuation by either the employer or the group policyholder. In no event, however, may the employee or member elect continuation more than 60 days after the date of such termination or reduction in hours below the minimum required by the group plan. Written notice of continuation presented to the employee or member by the policyholder, or mailed by the policyholder to the last known address of the employee, shall constitute the giving of notice for the purpose of this provision.

5. An employee or member electing continuation must

pay to the group policyholder or his employer, on a monthly basis in advance, the total amount of premium required by the insurer, including that portion of the premium contributed by the policyholder or employer, if any, but not more than the group rate for the insurance being continued with appropriate reduction in premium for any supplementary benefits which have been discontinued under paragraph (3) of this Section. The premium rate required by the insurer shall be the applicable premium required on the due date of each payment.

6. Continuation of insurance under the group policy for any person shall terminate when he becomes eligible for Medicare or is covered by any other insured or uninsured plan which provides hospital, surgical or medical coverage for individuals in a group and under which the person was not covered immediately prior to such termination or reduction in hours below the minimum required by the group plan as provided in condition 2 above or, if earlier, at the first to occur of the following:

(a) The date 9 months after the date the employee's or member's insurance under the policy would otherwise have terminated because of termination of employment or membership or reduction in hours below the minimum required by the group plan.

(b) If the employee or member fails to make timely payment of a required contribution, the end of the period for which contributions were made.

(c) The date on which the group policy is terminated or, in the case of an employee, the date his employer terminates participation under the group policy. However, if this (c) applies and the coverage ceasing by reason of such termination is replaced by similar coverage under another group policy, the following shall apply:

(i) The employee or member shall have the right to become covered under that other group policy, for the balance of the period that he would have remained covered under the prior group policy in accordance with condition 6 had a termination described in this (c) not occurred.

(ii) The prior group policy shall continue to provide benefits to the extent of its accrued liabilities and extensions of benefits as if the replacement had not occurred.

7. A notification of the continuation privilege shall be included in each certificate of coverage.

8. Continuation shall not be available for any employee who was discharged because of the commission of a felony in connection with his work, or because of theft in connection with his work, for which the employer was in no way responsible; provided the employee admitted his commission of the felony or theft or such act has resulted in a conviction or order of supervision by a court of competent jurisdiction.

The requirements of this amendatory Act of 1983 shall apply to any group policy as defined in this Section, delivered or issued for delivery on or after 180 days following the effective date of this amendatory Act of 1983.

The requirements of this amendatory Act of 1985 shall apply to any group policy as defined in this Section, delivered, issued for delivery, renewed or amended on or after 180 days following the effective date of this amendatory Act of 1985.

(Source: P.A. 93-477, eff. 1-1-04.)

(215 ILCS 5/367.2) (from Ch. 73, par. 979.2)

Sec. 367.2. Spousal continuation privilege; group contracts.

A. No policy of group accident or health insurance, nor any certificate thereunder shall be delivered or issued for delivery in this State after December 1, 1985, unless the policy provides for a continuation of the existing insurance benefits for an employee's spouse and dependent children who are insured under the provisions of that group policy or certificate thereunder, notwithstanding that the marriage is dissolved by judgment or terminated by the death of the employee or, after the effective date of this amendatory Act of the 93rd General Assembly, notwithstanding the retirement of the employee provided that the employee's spouse is at least 55 years of age, in each case without any other eligibility requirements. The provisions of this amendatory Act of the 93rd General Assembly apply to every group policy of accident or health insurance and every certificate issued thereunder delivered or issued for delivery after the effective date of this amendatory Act of the 93rd General Assembly.

B. Within 30 days of the entry of judgment or the death or retirement of the employee, the spouse of an employee insured under the policy who seeks a continuation of coverage thereunder shall give the employer or the insurer written notice of the dissolution of the marriage or the death or retirement of the employee. The employer, within 15 days of receipt of the notice shall give written notice of the dissolution of the employee's marriage or the death or retirement of the employee and that former spouse's or retired employee's spouse's residence to the insurance company issuing the policy.

The employer shall immediately send a copy of the notice to the former spouse of the employee or the spouse of the retired employee at the retired employee's spouse's residence or at the former spouse's residence. For purposes of this Act, the term "former spouse" includes "widow" or "widower".

C. Within 30 days after the date of receipt of a notice from the employer, retired employee's spouse or former spouse or of the initiation of a new group policy, the insurance company, by certified mail, return receipt requested, shall notify the retired employee's spouse or former spouse at his or her residence that the policy may be continued for that retired employee's spouse or former spouse and covered dependents, and the notice shall include:

- (i) a form for election to continue the insurance coverage;
- (ii) the amount of periodic premiums to be charged for continuation coverage and the method and place of payment; and
- (iii) instructions for returning the election form within 30 days after the date it is received from the insurance company.

Failure of the retired employee's spouse or former spouse to exercise the election to continue insurance coverage by notifying the insurance company in writing within such 30 day period shall terminate the continuation of benefits and the right to continuation.

If the insurance company fails to notify the retired

employee's spouse or former spouse as provided for in subsection C hereof, all premiums shall be waived from the date the notice was required until notice is sent, and the benefits shall continue under the terms and provisions of the policy, from the date the notice was required until the notice is sent, notwithstanding any other provision hereof, except where the benefits in existence at the time the company's notice was to be sent pursuant to subsection C are terminated as to all employees.

D. With respect to a former spouse who has not attained the age of 55 at the time continuation coverage begins, the monthly premium for continuation shall be computed as follows:

(i) an amount, if any, that would be charged an employee if the former spouse were a current employee of the employer, plus;

(ii) an amount, if any, that the employer would contribute toward the premium if the former spouse were a current employee.

Failure to pay the initial monthly premium within 30 days after the date of receipt of notice required in subsection C of this Section terminates the continuation benefits and the right to continuation benefits.

The continuation coverage for former spouses who have not attained the age of 55 at the time coverage begins shall terminate upon the earliest to happen of the following:

(i) The failure to pay premiums when due, including any grace period allowed by the policy; or

(ii) When coverage would terminate under the terms of the existing policy if the employee and former spouse were still married to each other; however, the existing coverage shall not be modified or terminated during the first 120 consecutive days subsequent to the employee spouse's death or to the entry of the judgment dissolving the marriage existing between the employee and the former spouse unless the master policy in existence at the time is modified or terminated as to all employees; or

(iii) the date on which the former spouse first becomes, after the date of election, an insured employee under any other group health plan; or

(iv) the date on which the former spouse remarries;

or
(v) the expiration of 2 years from the date continuation coverage began.

Upon the termination of continuation coverage, the former spouse shall be entitled to convert the coverage to an individual policy.

The continuation rights granted to former spouses who have not attained age 55 shall also include eligible dependents insured prior to the dissolution of marriage or the death of the employee.

E. With respect to a retired employee's spouse or former spouse who has attained the age of 55 at the time continuation coverage begins, the monthly premium for the continuation shall be computed as follows:

(i) an amount, if any, that would be charged an employee if the retired employee's spouse or former spouse were a current employee of the employer, plus;

(ii) an amount, if any, that the employer would contribute toward the premium if the retired employee's

spouse or former spouse were a current employee.

Beginning 2 years after coverage begins under this paragraph, the monthly premium shall be computed as follows:

(i) an amount, if any, that would be charged an employee if the retired employee's spouse or former spouse were a current employee of the employer, plus;

(ii) an amount, if any, that the employer would contribute toward the premium if the retired employee's spouse or former spouse were a current employee.

(iii) an additional amount, not to exceed 20% of (i) and (ii) above, for costs of administration.

Failure to pay the initial monthly premium within 30 days after the date of receipt of the notice required in subsection C of this Section terminates the continuation benefits and the right to continuation benefits.

The continuation coverage for retired employees' spouses and former spouses who have attained the age of 55 at the time coverage begins shall terminate upon the earliest to happen of the following:

(i) The failure to pay premiums when due, including any grace period allowed by the policy; or

(ii) When coverage would terminate, except due to the retirement of an employee, under the terms of the existing policy if the employee and former spouse were still married to each other; however, the existing coverage shall not be modified or terminated during the first 120 consecutive days subsequent to the employee spouse's death or retirement to the entry of the judgment dissolving the marriage existing between the employee and the former spouse unless the master policy in existence at the time is modified or terminated as to all employees; or

(iii) the date on which the retired employee's spouse or former spouse first becomes, after the date of election, an insured employee under any other group health plan; or

(iv) the date on which the former spouse remarries; or

(v) the date that person reaches the qualifying age or otherwise establishes eligibility under the Medicare Program pursuant to Title XVIII of the federal Social Security Act.

Upon the termination of continuation coverage, the former spouse shall be entitled to convert the coverage to an individual policy.

The continuation rights granted to former spouses who have attained age 55 shall also include eligible dependents insured prior to the dissolution of marriage, the death of the employee, or the retirement of the employee.

F. The renewal, amendment, or extension of any group policy affected by this Section shall be deemed to be delivery or issuance for delivery of a new policy or contract of insurance in this State.

G. If (i) the policy is canceled, and (ii) another insurance company contracts to provide group health and accident insurance to the employer, and (iii) continuation coverage is in effect for the retired employee's spouse or former spouse at the time of cancellation and (iv) the employee is or would have been included under the new group policy, then the new insurer must also offer continuation

coverage to the retired employee's spouse and to an employee's former spouse under the same terms and conditions as contained in this Section.

H. This Section shall not limit the right of the retired employee's spouse or any former spouse to exercise the privilege to convert to an individual policy as contained in this Code.

I. No person who obtains coverage under this Section shall be required to pay a rate greater than that applicable to any employee or member covered under that group except as provided in clause (iii) of the second paragraph of subsection E.
(Source: P.A. 93-477, eff. 1-1-04.)

(215 ILCS 5/367.2-5)

Sec. 367.2-5. Dependent child continuation privilege; group contracts.

(a) No policy of group accident or health insurance, nor any certificate thereunder shall be amended, renewed, delivered, or issued for delivery in this State after July 1, 2004, unless the policy provides for a continuation of the existing insurance benefits for an employee's dependent child who is insured under the provisions of that group policy or certificate in the event of the death of the employee and the child is not eligible for coverage as a dependent under the provisions of Section 367.2 or the dependent child has attained the limiting age under the policy.

(b) In the event of the death of the employee, if continuation coverage is desired, the dependent child or a responsible adult acting on behalf of the dependent child shall give the employer or the insurer written notice of the death of employee within 30 days of the date the coverage terminates. The employer, within 15 days of receipt of the notice, shall give written notice to the insurance company issuing the policy of the death of the employee and the dependent child's residence. The employer shall immediately send a copy of the notice to the dependent child or responsible adult at the dependent child's residence.

(c) In the event of the dependent child attaining the limiting age under the policy, if continuation coverage is desired, the dependent child shall give the employer or the insurer written notice of the attainment of the limiting age within 30 days of the date the coverage terminates. The employer, within 15 days of receipt of the notice, shall give written notice to the insurance company issuing the policy of the attainment of the limiting age by the dependent child and of the dependent child's residence.

(d) Within 30 days after the date of receipt of a notice from the employer, dependent child, or responsible adult acting on behalf of the dependent child, or of the initiation of a new group policy, the insurance company, by certified mail, return receipt requested, shall notify the dependent child or responsible adult at the dependent child's residence that the policy may be continued for the dependent child. The notice shall include:

(1) a form for election to continue the insurance coverage;

(2) the amount of periodic premiums to be charged for continuation coverage and the method and place of payment; and

(3) instructions for returning the election form within 30 days after the date it is received from the insurance company.

Failure of the dependent child or the responsible adult acting on behalf of the dependent child to exercise the election to continue insurance coverage by notifying the insurance company in writing within such 30 day period shall terminate the continuation of benefits and the right to continuation.

If the insurance company fails to notify the dependent child or responsible adult acting on behalf of the dependent child as provided for in this subsection (d), all premiums shall be waived from the date the notice was required until notice was sent, and the benefits shall continue under the terms and provisions of the policy, from the date the notice was required until the notice was sent, notwithstanding any other provision hereof, except where the benefits in existence at the time the company's notice was to be sent pursuant to this subsection (d) are terminated as to all employees.

(e) The monthly premium for continuation shall be computed as follows:

(1) an amount, if any, that would be charged an employee if the dependent child were a current employee of the employer, plus;

(2) an amount, if any, that the employer would contribute toward the premium if the dependent child were a current employee.

Failure to pay the initial monthly premium within 30 days after the date of receipt of notice required in subsection (d) of this Section terminates the continuation benefits and the right to continuation benefits.

Continuation coverage provided under this Act shall terminate upon the earliest to happen of the following:

(1) the failure to pay premiums when due, including any grace period allowed by the policy;

(2) when coverage would terminate under the terms of the existing policy if the dependent child was still an eligible dependent of the employee;

(3) the date on which the dependent child first becomes, after the date of election, an insured employee under any other group health plan; or

(4) the expiration of 2 years from the date continuation coverage began.

Upon the termination of continuation coverage, the dependent child shall be entitled to convert the coverage to an individual policy.

(f) The renewal, amendment, or extension of any group policy affected by this Section shall be deemed to be delivery or issuance for delivery of a new policy or contract of insurance in this State.

(g) If (1) the policy is cancelled, and (2) another insurance company contracts to provide group health and accident insurance to the employer, and (3) continuation coverage is in effect for the dependent child at the time of cancellation, and (4) the employee is or would have been included under the new group policy, then the new insurer must also offer continuation coverage to the dependent child under the same terms and conditions as contained in this Section.

(h) This Section shall not limit the right of any

dependent child to exercise the privilege to convert to an individual policy as contained in this Code.

(i) No person who obtains coverage under this Section shall be required to pay a rate greater than that applicable to any employee or member covered under that group.

(Source: P.A. 93-477, eff. 1-1-04.)