

BULLETIN No. 02-LG-009-4/1

April 1, 2002

TO: Employers with Less than Twenty (20) Employees who maintain a Group Benefits Plan

RE: Continuation of Coverage Act of 2001 - Notification of Benefits

This bulletin is issued to provide guidance to small-group health insurers concerning a recently enacted law requiring continuation of coverage. The DC Council last December passed an emergency act, the "Continuation of Health Coverage Act of 2001", extending health benefits for covered individuals of an employer with fewer than 20 employees for a period of three months beyond the termination. The covered individual's cost for continued coverage cannot exceed 102 percent of the group rate. An individual who elects to continue coverage must submit benefit payment to the employer within the prescribed time frame.

The law applies to all policies issued or renewed on or after January 16, 2002 (30 days after the December 17, 2001 effective date). Therefore, health benefit plans issued or renewed on or after January 16, 2002 must contain a provision requiring that the employer furnish employees notification of this benefit. If your health insurance product for small employer groups with less than twenty employees needs to be revised, the Department will expedite the review of these forms. Please put a cover note on these filings indicating that they contain the "extension of benefits" language. For existing policies, the health insurer must issue a rider or a revised contract to the small employer adding the continuation of health coverage benefit.

For additional information and a copy of the law, please contact the health attorney for the Department of Insurance and Securities Regulation, at (202) 442-7756.