

Bulletin 179

Applicability of continuity of health insurance statute

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Public Law 1989 Chapter 867, "An Act to Ensure Continuity of Health Insurance Coverage," was enacted and signed into law on April 19, 1990. The portion of the law which becomes effective October 1, 1990, concerns continuity in situations when one group policy is replaced by another. It has come to my attention that the applicability of this law when the coverage being replaced is on a subgroup is subject to differing interpretations. The purpose of this bulletin is to clarify the applicability of the law in this situation.

Title 24 M.R.S.A. Section 2346(3) and Title 24-A M.R.S.A. Section 2848(3) defined "subgroup" as an employer covered under a contract issued to a multiple employer trust or to an association.

Title 24 M.R.S.A. Section 2347 and Title 24-A M.R.S.A. Section 2849 provide for continuity of coverage whenever the contract holder or policyholder is "obtaining coverage to replace coverage under a different contract or policy." It is the Bureau's interpretation that this provision applies regardless of whether one group policy is being terminated and another issued. For example, if a Maine employer drops coverage through one multiple employer trust, MET A, and replaces it with coverage through another, MET B, then MET B has obtained coverage for the employer to replace coverage through MET A, even though both group policies were already in force and do not terminate. Therefore the requirements of the law apply. This is true whether the group policy was issued in Maine or elsewhere.

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