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TO: ALL SMALL GROUP HEALTH CLIENTS

FROM: GREENBERG & ASSOCIATES INSURANCE

DATE: OCTOBER 5, 2011

RE: OREGON SENATE BILL 89 CHANGES STATE CONTINUATION LAWS

On June 23, 2011, the Oregon Legislature passed Senate Bill 89-B which expands state continuation of health insurance to allow spouses and dependents of an affected employee to independently elect continuation, even if the employee is ineligible. In addition, the measure clarifies Oregon law in several areas.

Oregon State Continuation applies to groups that are not subject to COBRA, which generally means employers with 19 or few employees. Stand alone dental, vision or prescription drug coverage are not covered under State Continuation provisions.

For renewing groups, the effective date will be their renewal dates on or after June 23, 2011. Therefore, if your renewal was on March 1, 2011, this change will not take effect until your next renewal on March 1, 2012. For new groups, this provision will be effective immediately.

Anyone covered under the group health plan the day before the qualifying event and was covered under the plan during the three month period ending on the date of the qualifying event will be eligible for State Continuation. Covered persons are now defined as the certificate holder, spouse and/or dependent children (including children adopted or born during the period of continuation who would have been eligible prior to the qualifying event).

Two new qualifying events have been added: A covered person becoming eligible for Medicare, and a qualified beneficiary losing dependent child status under the covered person's group health plan. Qualified beneficiaries are NOT eligible for State Continuation when they are eligible for Medicare, or if they become covered under ANY other program that did not cover them on the day of the qualifying event.

The INSURERS are required to notify qualified beneficiaries no later than 10 days after the insurer is notified of the qualifying event. Therefore, it is important to report all terminations, layoffs, etc. to your insurance carrier in a timely manner to allow the insurer to get notices out to the beneficiaries without delay. To apply for continuation coverage a qualified beneficiary must in turn provide written notice to the insurer within 10 days after the date of a qualifying event or the date the insurer provides the notice of the individual's continuation rights.

Oregon State Continuation ends nine months after the date of the qualifying event; the end of the period for which the last timely premium payment was received; when the covered person becomes eligible for Medicare, or other coverage under any other program; or, the date the policy is terminated unless replaced by similar coverage under another group policy. Coverage under the replacement policy will continue until coverage would have otherwise terminated under the replaced policy.

Please don't hesitate to contact us if you have any questions regarding these changes.

Sharon Greenberg and Adrienne Hutchins