

**304.18-114 Conversion health insurance policy for member terminated under group policy -- Terms -- Situations in which conversion coverage need not be granted.**

- (1) As used in this section:
  - (a) "Conversion health insurance coverage" means a health benefit plan meeting the requirements of this section and regulated in accordance with Subtitles 17 and 17A of this chapter;
  - (b) "Group policy" has the meaning provided in KRS 304.18-110; and
  - (c) "Medicare" has the meaning provided in KRS 304.18-110.
- (2) An insurer providing group health insurance coverage shall offer a conversion health insurance policy, by written notice, to any group member terminated under the group policy for any reason. The insurer shall offer a conversion health insurance policy substantially similar to the group policy. The former group member shall meet the following conditions:
  - (a) The former group member had been a member of the group and covered under any health insurance policy offered by the group for at least three (3) months;
  - (b) The former group member must make written application to the insurer for conversion health insurance coverage not later than thirty-one (31) days after notice pursuant to subsection (5) of this section; and
  - (c) The former group member must pay the monthly, quarterly, semiannual, or annual premium, at the option of the applicant, to the insurer not later than thirty-one (31) days after notice pursuant to subsection (5) of this section.
- (3) An insurer shall offer the following terms of conversion health insurance coverage:
  - (a) Conversion health insurance coverage shall be available without evidence of insurability and may contain a pre-existing condition limitation in accordance with KRS 304.17A-230;
  - (b) The premium for conversion health insurance coverage shall be according to the insurer's table of premium rates in effect on the latter of:
    1. The effective date of the conversion policy; or
    2. The date of application when the premium rate applies to the class of risk to which the covered persons belong, to their ages, and to the form and amount of insurance provided;
  - (c) The conversion health insurance policy shall cover the former group member and eligible dependents covered by the group policy on the date coverage under the group policy terminated.
  - (d) The effective date of the conversion health insurance policy shall be the date of termination of coverage under the group policy; and
  - (e) The conversion health insurance policy shall provide benefits substantially similar to those provided by the group policy, but not less than the minimum standards set forth in KRS 304.18-120 and any administrative regulations promulgated thereunder.

- (4) Conversion health insurance coverage need not be granted in the following situations:
- (a) On the effective date of coverage, the applicant is or could be covered by Medicare;
  - (b) On the effective date of coverage, the applicant is or could be covered by another group coverage (insured or uninsured) or, the applicant is covered by substantially similar benefits by another individual hospital, surgical, or medical expenses insurance policy; or
  - (c) The issuance of conversion health insurance coverage would cause the applicant to be overinsured according to the insurer's standards, taking into account that the applicant is or could be covered by similar benefits pursuant to or in accordance with the requirements of any statute and the individual coverage described in paragraph (b) of this subsection.
- (5) Notice of the right to conversion health insurance coverage shall be given as follows:
- (a) For group policies delivered, issued for delivery, or renewed after July 15, 2002, the insurer shall give written notice of the right to conversion health insurance coverage to any former group member entitled to conversion coverage under this section upon notice from the group policyholder that the group member has terminated membership in the group, upon termination of the former group member's continued group health insurance coverage pursuant to KRS 304.18-110 or COBRA as defined in KRS 304.17A-005(7), or upon termination of the group policy for any reason. The written notice shall clearly explain the former group member's right to a conversion policy.
  - (b) The thirty-one (31) day period of subsection (2)(b) of this section shall not begin to run until the notice required by this subsection is mailed or delivered to the last known address of the former group member.
  - (c) If a former group member becomes entitled to obtain conversion health insurance coverage, pursuant to this section, and the insurer fails to give the former group member written notice of the right, pursuant to this subsection, the insurer shall give written notice to the former group member as soon as practicable after being notified of the insurer's failure to give written notice of conversion rights to the former group member and such former group member shall have an additional period within which to exercise his conversion rights. The additional period shall expire sixty (60) days after written notice is received from the insurer. Written notice delivered or mailed to the last known address of the former group member shall constitute the giving of notice for the purpose of this paragraph. If a former group member makes application and pays the premium, for conversion health insurance coverage within the additional period allowed by this paragraph, the effective date of conversion health insurance coverage shall be the date of termination of group health insurance coverage. However, nothing in this subsection shall require an insurer to give notice or provide conversion coverage to a former group

member ninety (90) days after termination of the former group member's group coverage.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 144, sec. 12, effective June 20, 2005. -- Created 2002 Ky. Acts ch. 351, sec. 9, effective July 15, 2002.