§ 4305. Group contracts. (a) A corporation subject to the provisions of this article may issue a group contract, provided the group of persons thereby covered conforms to the requirements of subsections (c) and (d) of section four thousand two hundred thirty-five or of subparagraph (C) of paragraph three of subsection (a) of section four thousand two hundred thirty-seven of this chapter, and provided such contract and the individual certificates issued to members of the group shall comply in substance with this article. A corporation subject to the provisions of this article shall issue to the group contractholder, for delivery to each member of the insured group, a copy of the contract, or a certificate which can be in the form of a booklet setting forth in summary form a statement of the essential features of the insurance coverage. A group contract issued pursuant to this section shall be subject to subsections (k) and (l) of section four thousand two hundred thirty-five of this chapter.

(b) Any such contract which provides for the adjustment of the rate of premium based upon the experience thereunder shall specify the duration of the period of insurance thereunder; such period shall not exceed three years, provided, however, that such contract may provide that, in the absence of one month's prior written notice by either party to the other, it shall be automatically renewed at the termination of any period thereunder for a succeeding period of not less than one nor more than three years' duration. In any case where such contract is for a period of more than one year, an appropriate additional rate of premium shall be charged therefor. Any such contract may provide for the adjustment of the rate of premium based upon the experience thereunder at the end of the first period of insurance thereunder or at the end of any subsequent period of insurance thereunder and any such adjustment may be made retroactive only for the period of insurance immediately preceding such adjustment.

(c) (1)(A) Any such contract may provide that benefits will be furnished to a member of a covered group, for the member, the member's spouse, child or children, or other persons chiefly dependent upon the member for support and maintenance; provided that:

(i) a contract of hospital, medical, surgical, or prescription drug expense insurance that provides coverage for children shall provide such coverage to a married or unmarried child until attainment of age

twenty-six, without regard to financial dependence, residency with the member, student status, or employment, except a contract that is a grandfathered health plan may, for plan years beginning before January first, two thousand fourteen, exclude coverage of an adult child under age twenty-six who is eligible to enroll in an employer-sponsored health plan other than a group health plan of a parent. For purposes of this item, "grandfathered health plan" means coverage provided by a corporation in which an individual was enrolled on March twenty-third, two thousand ten for as long as the coverage maintains grandfathered status in accordance with section 1251(e) of the Affordable Care Act, 42 U.S.C. § 18011(e); and

(ii) a contract under which coverage terminates at a specified age shall, with respect to an unmarried child who is incapable of self-sustaining employment by reason of mental illness, developmental disability, as defined in the mental hygiene law, or physical handicap and who became so incapable prior to attainment of the age at which coverage would otherwise terminate and who is chiefly dependent upon such member for support and maintenance, not so terminate while the contract remains in force and the child remains in such condition, if the member has within thirty-one days of such child's attainment of the termination age submitted proof of such child's incapacity as described herein.

(B) In addition to the requirements of subparagraph (A) of this paragraph, every corporation issuing a group contract of hospital, medical or surgical expense insurance pursuant to this section that provides coverage for children, must make available and if requested by the contractholder, extend coverage under that contract to an unmarried child through age twenty-nine, without regard to financial dependence who is not insured by or eligible for coverage under any employer health benefit plan as an employee or member, whether insured or self-insured, and who lives, works or resides in New York state or the service area of the corporation. Such coverage shall be made available at the inception of all new contracts and with respect to all other contracts at any anniversary date. Written notice of the availability of such coverage shall be delivered to the contractholder prior to the inception of such group contract and annually thereafter.

(C) Notwithstanding any rule, regulation or law to the contrary, any

contract under which a member elects coverage for the member, the member's spouse, children or other persons chiefly dependent upon the member for support and maintenance shall provide that coverage of newborn infants, including newly born infants adopted by the member if such member takes physical custody of the infant upon such infant's release from the hospital and files a petition pursuant to section one hundred fifteen-c of the domestic relations law within thirty days of birth; and provided further that no notice of revocation to the adoption has been filed pursuant to section one hundred fifteen-b of the domestic relations law and consent to the adoption has not been revoked, shall be effective from the moment of birth for injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities including premature birth, except that in cases of adoption, coverage of the initial hospital stay shall not be required where a birth parent has insurance coverage available for the infant's care. This provision regarding coverage of newborn infants shall not apply to two person coverage. In the case of individual or two person coverages the corporation must also permit the person to whom the certificate is issued to elect such coverage of newborn infants from the moment of birth. If notification and/or payment of an additional premium or contribution is required to make coverage effective for a newborn infant, the coverage may provide that such notice and/or payment be made within no less than thirty days of the day of birth to make coverage effective from the moment of birth. This election shall not be required in the case of student insurance or where the group's plan does not provide coverage for children.

(2) Any such contract under which coverage of a dependent spouse or group member would terminate upon such spouse or group member attaining the age prescribed in subchapter XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. ("Medicare"), as the age of first eligibility for the benefits provided by such law shall not so terminate, if such dependent spouse is not then eligible for all of such benefits, for as long as the contract remains in force and such dependent spouse remains ineligible to receive any of such "Medicare" benefits, provided proof of such ineligibility is submitted to the corporation within thirty-one days of the date notice of termination of coverage is sent by first class mail by the corporation to the last known address of the

policyholder.

(d) (1) (A) A group contract issued pursuant to this section shall contain a provision to the effect that in case of a termination of coverage under such contract of any member of the group because of (i) termination for any reason whatsoever of the member's employment or membership, or (ii) termination for any reason whatsoever of the group contract itself unless the group contract holder has replaced the group contract with similar and continuous coverage for the same group whether insured or self-insured, the member shall be entitled to have issued to the member by the corporation, without evidence of insurability, upon application therefor and payment of the first premium made to the corporation within sixty days after termination of the coverage, an individual direct payment contract, covering such member and the member's eligible dependents who were covered by the group contract, which provides coverage that contains the essential health benefits package described in paragraph three of subsection (e) of section four thousand three hundred six-h of this article. The corporation shall offer one contract at each level of coverage as defined in subsection (b) of section four thousand three hundred six-h of this article. The member may choose any such contract offered by the corporation. Provided, however, the superintendent may, after giving due consideration to the public interest, approve a request made by a corporation for the corporation to satisfy the requirements of this subparagraph through the offering of contracts that comply with this subparagraph by another corporation, insurer or health maintenance organization within the corporation's same holding company system, as defined in article fifteen of this chapter.

(B) The conversion privilege afforded in this paragraph shall also be available: (i) upon the divorce or annulment of the marriage of a member, to the divorced spouse or former spouse of such member; (ii) upon the death of the member, to the surviving spouse and other dependents covered under the contract; and (iii) to a dependent if no longer within the definition in the contract.

(2) The effective date of the coverage provided by the individual direct payment contract shall be the date of the termination of the individual's coverage under the group contract. The corporation shall not be required to issue such individual direct payment converted

contract covering any person if it appears that such person shall then be covered by another individual contract providing similar coverage or if it shall appear that such person is covered by or eligible to be covered by a group contract or policy providing similar benefits or is provided with similar benefits required by any statute or provided by any welfare plan or program, which together with the individual direct payment converted contract would result in over-insurance or duplication of benefits according to standards on file with the superintendent of financial services relating to individual contracts.

(3) (A) Each member in the insured group, but not his dependents, shall be given written notice of such conversion privilege provided in paragraph one hereof and its duration within fifteen days after the date of termination of coverage under the group contract, provided that if such notice be given more than fifteen days but less than ninety days after the date of termination of coverage under the group contract the time allowed for the exercise of such conversion privilege shall be extended for forty-five days after the giving of such notice. If such notice is not given within ninety days after the date of termination of coverage under the group contract the time allowed for the exercise of such conversion privilege shall expire at the end of such ninety days.

(B) Written notice by the contract holder given to the member or sent by first class mail to the member at his last known address, or written notice by the corporation which issued the group contract sent by first class mail to the member at the last address furnished to the corporation by the contract holder, shall be deemed full compliance with the provisions of this paragraph for the giving of notice.

(C) A group contract issued pursuant to this section may contain a provision to the effect that notice of such conversion privilege and its duration shall be given by the contract holder to each certificate holder upon termination of his group coverage.

(4) A group contract to be issued to a social services district pursuant to section three hundred sixty-five of the social services law by a corporation subject to the provisions of this article need not, subject to the approval of the superintendent, provide for the issuance of individual certificates and may omit or modify any of the other provisions required to be contained in such contract, provided that the superintendent deems such omission or modification suitable for the

character of the coverage provided.

(5) For purposes of this subsection, the term "dependent" shall include a child as described in subsection (c) of this section.

(e) In addition to the conversion privilege afforded by subsection (d) of this section, a group contract issued by a hospital service, health service or medical expense indemnity corporation shall provide that if all or any portion of the insurance on an employee or member insured under the policy ceases because of termination of employment or membership in the class or classes eligible for coverage under the policy, such employee or member shall be entitled without evidence of insurability upon application to continue his insurance for himself or herself and his or her eligible dependents, subject to all of the group contract's terms and conditions applicable to those forms of benefits and to the following conditions:

(1) Continuation shall cease on the date which the employee, member or dependant first becomes, after the date of election: (A) entitled to coverage under title XVIII of the United States Social Security Act (Medicare) as amended or superseded; or (B) covered as an employee, member or dependent by any other insured or uninsured arrangement which provides hospital, surgical or medical coverage for individuals in a group which does not contain any exclusion or limitation with respect to any pre-existing condition of such employee, member or dependent.

(2) (A) An employee or member who wishes continuation of coverage must request such continuation in writing within the sixty day period following the later of: (i) the date of such termination; or (ii) the date the employee is sent notice by first class mail of the right of continuation by the group policyholder.

(B) An employee or member who wishes continuation of coverage under subparagraph (D) of paragraph four of this subsection must give notice to the employer or group policyholder within sixty days of the determination under title II or title XVI of the United States Social Security Act that such employee or member was disabled at the time of termination of employment or membership or at any time during the first sixty days of continuation of coverage.

(3) An employee or member electing continuation must pay to the group policyholder or his employer, but not more frequently than on a monthly basis in advance, the amount of the required premium payment, but not

more than one hundred two percent of the group rate for the benefits being continued under the group contract on the due date of each payment. The employee's or member's written election of continuation, together with the first premium payment required to establish premium payment on a monthly basis in advance, must be given to the policyholder or employer within sixty days of the date the employee's or member's benefits would otherwise terminate.

(4) Subject to paragraph one of this subsection, continuation of benefits under the group contract for any person shall terminate at the first to occur of the following:

(A) The date thirty-six months after the date the employee's or member's benefits under the contract would otherwise have terminated because of termination of employment or membership; or

(B) The end of the period for which premium payments were made, if the employee or member fails to make timely payment of a required premium payment; or

(C) In the case of an eligible dependent of an employee or member, the date thirty-six months after the date such person's benefits under the contract would otherwise have terminated by reason of:

(i) the death of the employee or member;

(ii) the divorce or legal separation of the employee or member from his or her spouse;

(iii) the employee or member becoming entitled to benefits under title XVIII of the United States Social Security Act (Medicare); or

(iv) a dependent child ceasing to be a dependent child under the generally applicable requirements of the contract; or

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

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

(ii) The minimum level of benefits to be provided by the other group

contract shall be the applicable level of benefits of the prior group contract reduced by any benefits payable under the prior group contract, and

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

(5) A notification of the continuation privilege and the time period in which to request continuation shall be included in each certificate of coverage.

(6) The conversion privilege afforded by subsection (d) of this section shall be available upon termination of the continuation of benefits described herein.

(7) This subsection shall not be applicable where a continuation benefit is available to the employee or member pursuant to Chapter 18 of the Employee Retirement Income Security Act, 29 U.S.C. § 1161 et seq or Chapter 6A of the Public Health Service Act, 42 U.S.C. § 300 bb - 1 et seq. However, a group contract shall offer an employee or member who has exhausted continuation coverage pursuant to Chapter 18 of the Employee Retirement Income Security Act, 29 U.S.C. § 1161 et seq. or Chapter 6A of the Public Health Service Act, 42 U.S.C. § 300 bb - 1 et seq. the opportunity to continue coverage for up to thirty-six months from the date the employee's or member's continuation coverage began if the employee or member is entitled to less than thirty-six months of continuation benefits.

(8)(A) Special enrollment period. An individual who does not have an election of continuation coverage as described in this subsection in effect on the effective date of the American Recovery and Reinvestment act of 2009, but who would be an assistance eligible individual under Title III of such act if such election were in effect, may elect continuation coverage pursuant to this subsection. Such election must be made no later than sixty days after the date the administrator of the group health plan (or other entity involved) provides the notice required by section 3001(a)(7) of the American Recovery and Reinvestment act of 2009. The administrator of the group health plan (or other entity involved) shall provide such individuals with additional notice of the right to elect coverage pursuant to this paragraph within sixty days of the date of enactment of the American Recovery and Reinvestment act of

2009.

(B) Continuation coverage elected pursuant to subparagraph (A) of this paragraph shall commence with the first period of coverage beginning on or after the date of the enactment of the American Recovery and Reinvestment act of 2009 and shall not extend beyond the period of continuation coverage that would have been required if the coverage had instead been elected pursuant to paragraph two of this subsection.

(C) With respect to an individual who elects continuation coverage pursuant to subparagraph (A) of this paragraph, the period beginning on the date of the qualifying event and ending on the date of the first period of coverage on or after the enactment of the American Recovery and Reinvestment act of 2009 shall be disregarded for purposes of determining the sixty-three day period referred to in section four thousand three hundred eighteen of this article.

(9) For purposes of this subsection, the term "dependent" shall include a child as described in subsection (c) of this section.

(f) Any contract and certificate, other than one issued in fulfillment of the continuing care responsibilities of an operator of a continuing care retirement community in accordance with article forty-six of the public health law, made available because of residence in a particular facility, housing development, or community shall contain the following notice in twelve point type in bold face on the first page:

"NOTICE - THIS CONTRACT (CERTIFICATE) DOES NOT MEET THE REQUIREMENTS OF A CONTINUING CARE RETIREMENT CONTRACT. AVAILABILITY OF THIS COVERAGE WILL NOT QUALIFY A RESIDENTIAL FACILITY AS A CONTINUING CARE RETIREMENT COMMUNITY."

(g) In addition to all the rights of conversion and continuation otherwise provided for herein, employees or members insured under the contract who are also members of a reserve component of the armed forces of the United States, including the National Guard, shall be entitled to have supplementary conversion and continuation rights in certain circumstances as follows:

(1) if the employee or member insured enters upon active duty as defined in subsection (h) of this section, and the employer or group contract holder does not voluntarily maintain coverage for such employee or member insured, the employee or member insured shall be entitled to have his or her coverage continued under the group contract in

accordance with the conditions and limitations contained in paragraph seven of this subsection and have issued at the end of the period of continuation an individual conversion policy subject to the terms of this subsection. The effective date for the conversion policy shall be the day following the termination of insurance under the group policy, or if there is a continuation of coverage, on the day following the end of the period of continuation.

(2) if the employer or group contract holder does not voluntarily maintain coverage for the employee or member insured during the period of active duty, and such employee or member insured does not elect the supplementary conversion and continuation rights provided for herein, coverage for such employee or member insured shall be suspended during the period of active duty.

(3) if the employee or member insured elects the supplementary continuation right provided for herein or coverage under the group plan is suspended, and such employee or member insured dies during the period of active duty, the conversion right provided by this section shall be available to the surviving spouse and children, and shall be available to a child solely with respect to himself or herself upon his or her attaining the limiting age of coverage under the group contract while covered as a dependent thereunder. It shall also be available upon the divorce or annulment of the marriage of the employee or member insured, to the former spouse of such employee or member insured, if such divorce or annulment occurs during the period of active duty.

(4) if the employee or member insured elects the supplementary conversion and continuation right provided for herein or coverage under the group plan is suspended, and such employee or member insured is either reemployed or restored to participation in the group upon return to civilian status, he or she shall be entitled to resume participation in insurance offered by the group pursuant to this section, with no limitations or conditions imposed as a result of such period of active duty except as set forth in subparagraphs (A) and (B) herein. The right of resumption provided for herein shall extend to coverage for the spouse and dependents of the employee or member insured and shall be in addition to other existing rights granted pursuant to state and federal laws and regulations and shall not be deemed to qualify or limit such rights in any way. No exclusion or waiting period may be imposed in

connection with coverage of a health or physical condition of a person entitled to such right of resumption, or a health or physical condition of any other person who is covered by the policy unless:

(A) the condition arose during the period of active duty and the condition has been determined by the secretary of veterans affairs to be a condition incurred in the line of duty; or

(B) a waiting period was imposed and had not been completed prior to the period of suspension; in no event, however, shall the sum of the waiting periods imposed prior to and subsequent to the period of suspension exceed the length of the waiting period originally imposed.

(5) if the employee or member insured elects the supplementary conversion and continuation coverage provided for herein:

(A) when such employee or member insured is either reemployed or restored to participation in the group, coverage under the supplementary rights provided for herein shall terminate on the date that coverage is effective due to resumption of participation in the group.

(B) when such employee or member insured is not reemployed or restored to participation in the group upon return to civilian status, he or she shall be entitled to the conversion and continuation rights provided by subsections (d) and (e) of this section.

(i) To elect an individual conversion contract pursuant to subsection (d) of this section, the employee or member insured must apply to the insurer within thirty-one days of the termination of active duty or discharge from hospitalization incident to such active duty, which hospitalization continues for a period of not more than one year. Upon commencement of coverage under the conversion right provided pursuant to subsection (d) of this section, coverage under the supplementary continuation right provided for herein shall terminate.

(ii) To elect continuation of coverage pursuant to subsection (e) of this section, the employee or member insured must request such continuation of the employer within thirty-one days of the termination of active duty or discharge from hospitalization incident to such active duty, which hospitalization continues for a period of not more than one year. Upon commencement of coverage under the continuation right provided pursuant to subsection (e) of this section, coverage under the supplementary continuation right provided for herein shall terminate. The employee or member insured shall be entitled to have issued at the

end of the period of continuation an individual conversion contract.

(6) if coverage under the group plan is suspended during the period of active duty:

(A) when the employee or member insured returns to participation in the group plan, coverage under the group plan shall be retroactive to the date of termination of the period of active duty.

(B) when such employee or member insured is not reemployed or restored to participation in the group upon return to civilian status, he or she shall be entitled to the conversion and continuation rights provided by subsections (d) and (e) of this section.

(i) To elect an individual conversion contract pursuant to subsection (d) of this section, the employee or member insured must apply to the insurer within thirty-one days of the termination of active duty or discharge from hospitalization incident to such active duty, which hospitalization continues for a period of not more than one year.

(ii) To elect continuation of coverage pursuant to subsection (e) of this section, the employee or member insured must request such continuation of the employer within thirty-one days of the termination of active duty or discharge from hospitalization incident to such active duty, which hospitalization continues for a period of not more than one year. The employee or member insured shall be entitled to have issued at the end of the period of continuation an individual conversion contract.

(7) A group contract providing hospital, surgical or medical expense insurance for other than accident only shall provide that if all or any portion of the insurance on an employee or member insured under the contract ceases because the employee or member insured is ordered to active duty as defined in subsection (h) of this section, such employee or member insured shall be entitled, without evidence of insurability, upon application to continue his or her hospital, surgical or medical expense insurance for himself or herself and his or her eligible dependents, under the supplementary conversion and continuation rights provided for herein, subject to all of the group policy's terms and conditions applicable to those forms of benefits and to the following conditions:

(A) continuation shall cease on the date which the employee, member or dependant first becomes, after the date of election: (i) entitled to coverage under title XVIII of the United States Social Security Act

(Medicare) as amended or superseded or (ii) covered as an employee, member or dependent by any other insured or uninsured arrangement which provides hospital, surgical or medical coverage for individuals in a group, except that the coverage available to active duty members of the uniformed services and their family members shall not be considered a group under the terms of this subsection and except that the group insurance contract conversion option of this section shall not be considered as such an arrangement under which an employee, member or dependent could become covered.

(B) an employee or member insured who wishes continuation of coverage pursuant to this subsection must request such continuation in writing within sixty days of being ordered to active duty.

(C) an employee or member insured electing continuation pursuant to this subsection must pay to the group contract holder or his or her employer, but not more frequently than on a monthly basis in advance, the amount of the required premium payment, but not more than the group rate for the benefits being continued under the group contract on the due date of each payment.

(8) The supplementary conversion and continuation rights provided for herein shall apply to:

(A) contracts not covered by Chapter 18 of the Employee Retirement Income Security Act, 29 U.S.C. section 1161 et seq or Chapter 6A of the Public Health Service Act, 42 U.S.C. section 300bb-1 et seq;

(B) contracts covered by Chapter 18 of the Employee Retirement Income Security Act, 29 U.S.C. section 1161 et seq or Chapter 6A of the Public Health Service Act, 42 U.S.C. section 300bb-1 et seq, when active duty for reservists and the refusal of an employer to voluntarily maintain coverage for such period of active duty is not considered a qualifying event.

(h) To be entitled to the right defined in subsection (g) of this section a person must be a member of a reserve component of the armed forces of the United States, including the National Guard, who either:

(1) voluntarily or involuntarily enters upon active duty (other than for the purpose of determining his or her physical fitness and other than for training), or

(2) has his or her active duty voluntarily or involuntarily extended during a period when the president is authorized to order units of the

ready reserve or members of a reserve component to active duty, provided that such additional active duty is at the request and for the convenience of the federal government, and

(3) serves no more than four years of active duty.

(j)(1) Except as provided in this section, if a corporation delivers or issues for delivery in this state a group or blanket contract which provides hospital, surgical or medical expense coverage for other than accident only, the corporation must renew or continue in force such coverage at the option of the contract holder.

(2) A corporation may nonrenew or discontinue coverage under such a group or blanket contract based only on one or more of the following:

(A) The contract holder or a participating entity has failed to pay premiums or contributions in accordance with the terms of the contract or the corporation has not received timely premium payments.

(B) The contract holder or a participating entity has performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the contract.

(C) The contract holder has failed to comply with a material plan provision relating to employer contribution or group participation rules, as permitted under section four thousand two hundred thirty-five of this chapter.

(D) The corporation is ceasing to offer group or blanket contracts in a market in accordance with paragraph three or paragraph six of this subsection.

(E) The contract holder ceases to meet the requirements for a group under section four thousand two hundred thirty-five of this chapter or a participating employer, labor union, association or other entity ceases membership or participation in the group to which the contract is issued. Coverage terminated pursuant to this paragraph shall be done uniformly without regard to any health status-related factor relating to any covered individual.

(F) In the case of a corporation that offers a group or blanket contract in a market through a network plan, there is no longer any enrollee in connection with such plan who lives, resides or works in the operating area of the corporation (or in the area for which the corporation is authorized to do business).

(G) Such other reasons as are acceptable to the superintendent and

authorized by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and any later amendments or successor provisions, or by any federal regulations or rules that implement the provisions of the Act.

(3) (A) In any case in which a corporation decides to discontinue offering a particular class of group or blanket contract of hospital, surgical or medical expense insurance offered in the small or large group market, the contract of such class may be discontinued by the corporation in accordance with this chapter in such market only if:

(i) the corporation provides written notice to each contract holder provided coverage of this class in such market (and to all employees and member insureds covered under such coverage) of such discontinuance at least ninety days prior to the date of discontinuance of such coverage. In addition to any other information required of notices by the superintendent, this written notice shall conspicuously include an explanation, in plain language, of the contract holder's and covered employee's or member insured's rights under this subparagraph and subparagraph (B) of this paragraph, including:

(I) a statement that if the superintendent determines that the covered employee, member insured, or a dependent has a serious medical condition, and the covered employee, member insured or dependent within the previous twelve months utilized a benefit under; the contrary related to the serious medical condition that is not covered by the replacement coverage offered to the contract holder as a result of the discontinuance, then the superintendent shall require the corporation to offer the contract holder replacement coverage that includes a benefit that is the same as or substantially similar to the benefit set forth in the contract that the corporation discontinued; and

(II) an explanation as to how to contact the superintendent, and the date by which the superintendent shall be contacted, if the contract holder, covered employee or member insured believes that the covered employee, member insured or a dependent has a serious medical condition, and the covered employee, member insured or dependent within the previous twelve months utilized a benefit related to the serious medical condition that may not be covered by the replacement coverage offered to the contract holder as a result of the discontinuance;

(ii) the corporation offers to each contract holder provided coverage

of this class in such market, the option to purchase all (or, in the case of the large group market, any) other hospital, surgical and medical expense coverage currently being offered by the corporation to a group in such market;

(iii) in exercising the option to discontinue coverage of this class and in offering the option of coverage under item (ii) of this subparagraph, the corporation acts uniformly without regard to the claims experience of those contract holders or any health status-related factor relating to any particular covered employee, member insured or dependent who may become eligible for such coverage, and the corporation is not discontinuing the coverage of this class with the intent or as a pretext to discontinuing the coverage of any such employee, member insured or dependent; and

(iv) at least ninety days prior to the date of discontinuance of such coverage, the corporation provides written notice to the superintendent of such discontinuance, including the reason for the discontinuance, and an officer or director of the corporation certifies to the superintendent that the corporation has complied with items (i), (ii) and (iii) of this paragraph. If such notice does not include the date or dates that the corporation mailed or delivered the notice to all contract holders, covered employers and member insureds, the corporation shall notify the superintendent of such date within seven days of the completion of the mailing or delivery.

(B) If the superintendent determines that the corporation has not complied with item (iii) of subparagraph (A) of this paragraph, then the superintendent may prohibit the corporation from discontinuing the class of contracts and require the corporation to promptly notify every contract holder, covered employee and member insured that the corporation is not discontinuing the contracts. If the superintendent determines that the corporation wrongfully discontinued the class of contracts pursuant to item (iii) of subparagraph (A), then the superintendent shall require that the corporation take remedial action, including offering to group contract holders the option of reinstating the discontinued contract forms. If the superintendent determines that the corporation discontinued the class of contracts without compliance with items (i), (ii), or (iv) of subparagraph (A), and an employee, member insured or dependent covered under the discontinued contract

would have been entitled to relief under this paragraph, then the superintendent may require that the corporation offer replacement coverage to an affected contract holder consistent with item (ii) of subparagraph (C) of this paragraph.

(C) (i) If, within forty-five days after the corporation mails or delivers the written notice of discontinuance required by item (i) of subparagraph (A) of this paragraph, the superintendent is notified by a contract holder or covered employee or member insured that a covered employee, member insured or dependent has a serious medical condition and that a benefit utilized by the covered employee, member insured or dependent within the previous twelve months related to the serious medical condition may not be covered by the replacement coverage offered to the contract holder as a result of the discontinuance, then the superintendent shall, within twenty days of the notification, ask the corporation to confirm that the covered employee, member insured or dependent utilized a benefit within the previous twelve months to treat the medical condition that the covered employee, member insured or dependent asserts is a serious medical condition, and that the benefit is not covered by the replacement coverage. The superintendent may request such additional information as the superintendent may require. The corporation shall provide all requested information to the superintendent within five days of receipt of the request.

(ii) If, within twenty days of the superintendent's receipt of all additional information requested from the corporation, the superintendent determines that (I) the covered employee, member insured or dependent has a serious medical condition; and (II) the benefit utilized by the covered employee, member insured or dependent within the previous twelve months related to the serious medical condition is not covered by the replacement coverage offered to the contract holder as a result of the discontinuance, then the superintendent shall require the corporation to offer to the contract holder replacement coverage that includes a benefit that is the same as or substantially similar to the benefit set forth in the contract that the corporation discontinued. If the replacement coverage is not available, at the time that the contract would otherwise be discontinued, then the corporation shall keep the existing policy in force for the affected contract holder until the replacement coverage with the substantially similar benefit is

available.

(D) The remedies as provided in this paragraph shall be in addition to and not in lieu of any other authority or power of the superintendent to impose monetary or other penalties for violations of this paragraph.

(E) In any case in which a corporation elects to discontinue offering all hospital, surgical and medical expense coverage in the small group market or the large group market, or both markets, in this state, health insurance coverage may be discontinued by the corporation only if:

(i) the corporation provides written notice to the superintendent and to each contract holder (and all employees and member insureds covered under such coverage) of such discontinuance at least one hundred eighty days prior to the date of the discontinuance of such coverage;

(ii) all hospital, surgical and medical expense coverage issued or delivered for issuance in this state in such market or markets is discontinued and coverage under such contracts in such market or markets is not renewed; and

(iii) in addition to the notice to the superintendent referred to in item (i) of this subparagraph, the corporation shall provide the superintendent with a written plan to minimize potential disruption in the marketplace occasioned by the corporation's withdrawal from the market.

(F) In the case of a discontinuance under subparagraph (E) of this paragraph in a market, the corporation may not provide for the issuance of any group or blanket contract of hospital, surgical or medical expense insurance in that market in this state during the five-year period beginning on the date of the discontinuance of the last health insurance contract not so renewed.

(4) At the time of coverage renewal, an insurer may modify the health insurance coverage for a group or blanket contract offered to a large or small group contract holder so long as such modification is consistent with this chapter and effective on a uniform basis among all small group contract holders with that contract.

(5) For purposes of this subsection the term "network plan" shall mean a health insurance contract under which the financing and delivery of health care (including items and services paid for as such care) are provided, in whole or in part, through a defined set of providers under contract either with the corporation or another entity that has

contracted with the corporation.

(6) Notwithstanding paragraph three of this subsection, a corporation may discontinue offering a particular class of group or blanket contract of hospital, surgical or medical expense insurance offered in the small or large group market, and instead offer a group or blanket contract of hospital, surgical or medical expense insurance that complies with the requirements of section 2707 of the public health service act, 42 U.S.C. § 300gg-6 that become applicable to such contract as of January first, two thousand fourteen, provided that the corporation:

(A) discontinues the existing class of contract in such market as of either December thirty-first, two thousand thirteen or the contract renewal date occurring in two thousand fourteen in accordance with this chapter;

(B) provides written notice to each contract holder provided coverage of the class in the market (and to all employees and member insureds covered under such coverage) of the discontinuance at least ninety days prior to the date of discontinuance of such coverage. The written notice shall be in a form satisfactory to the superintendent;

(C) offers to each contract holder provided coverage of the class in the market, the option to purchase all (or, in the case of the large group market, any) other hospital, surgical and medical expense coverage that complies with the requirements of section 2707 of the public health service act, 42 U.S.C. § 300gg-6 that become applicable to such coverage as of January first, two thousand fourteen, currently being offered by the corporation to a group in that market;

(D) in exercising the option to discontinue coverage of the class and in offering the option of coverage under subparagraph (C) of this paragraph, acts uniformly without regard to the claims experience of those contract holders or any health status-related factor relating to any particular covered employee, member insured or dependent, or particular new employee, member insured, or dependent who may become eligible for such coverage, and does not discontinue the coverage of the class with the intent or as a pretext to discontinuing the coverage of any such employee, member insured, or dependent; and

(E) at least one hundred twenty days prior to the date of the discontinuance of such coverage, provides written notice to the superintendent of the discontinuance, including certification by an

officer or director of the corporation that the reason for the discontinuance is to replace the coverage with new coverage that complies with the requirements of section 2707 of the public health service act, 42 U.S.C. § 300gg-6 that become effective January first, two thousand fourteen. The written notice shall be in such form and contain such information the superintendent requires.

(k)(1) No corporation delivering or issuing for delivery in this state a group or blanket contract which provides hospital, surgical or medical expense coverage shall establish rules for eligibility (including continued eligibility) of any individual or dependent of the individual to enroll under the contract based on any of the following health status-related factors:

(A) Health status.

(B) Medical condition (including both physical and mental illnesses).

(C) Claims experience.

(D) Receipt of health care.

(E) Medical history.

(F) Genetic information.

(G) Evidence of insurability (including conditions arising out of acts of domestic violence).

(H) Disability.

(2) For purposes of paragraph one of this subsection, rules for eligibility include rules defining any applicable waiting periods for such enrollment.

(3) No corporation may, on the basis of any health status-related factor in relation to the subscriber or dependent of the subscriber, require any subscriber (as a condition of enrollment or continued enrollment under the contract) to pay a premium or contribution which is greater than such premium for a similarly situated subscriber enrolled in the plan.

(4) Nothing in this subsection shall require a corporation to issue a group or blanket contract to a group comprised of fifty-one or more lives exclusive of spouses and dependents.

(5) Where an eligible subscriber or dependent of a subscriber rejects initial enrollment in a group or blanket contract that provides hospital, surgical or medical expense insurance, a corporation shall permit a subscriber or dependent of a subscriber to enroll for coverage

under the terms of the contract if each of the following conditions are met:

(A) The subscriber or dependent was covered under another plan or contract at the time coverage was initially offered.

(B)(i) Coverage was provided in accordance with continuation required by federal or state law and was exhausted; or

(ii) Coverage under the other plan or contract was subsequently terminated as a result of loss of eligibility for one or more of the following reasons:

(I) termination of employment;

(II) termination of the other plan or contract;

(III) death of the spouse;

(IV) legal separation, divorce or annulment;

(V) reduction in the number of hours of employment; or

(iii) Contract holder contributions toward the payment of premium for the other plan or contract were terminated.

(C) Coverage must be applied for within thirty days of termination for one of the reasons set forth in subparagraph (B) of this paragraph.

(6) With respect to group or blanket contracts delivered or issued for delivery in this state covering between two and fifty employees or members, the provisions of this subsection shall in no way diminish the rights of such groups pursuant to section four thousand three hundred seventeen of this article.

(7) For purposes of this subsection, the term "dependent" shall include a child as described in subsection (c) of this section.

(l)(1) As used in this subsection, "child" means an unmarried child through age twenty-nine of an employee or member insured under a group contract of hospital, medical or surgical expense insurance, regardless of financial dependence, who is not insured by or eligible for coverage under any employer health benefit plan as an employee or member, whether insured or self-insured, and who lives, works or resides in New York state or the service area of the corporation and who is not covered under title XVIII of the United States Social Security Act (Medicare).

(2) In addition to the conversion privilege afforded by subsection (d) of this section and the continuation privilege afforded by subsection (e) of this section, a hospital service, health service or medical expense corporation or health maintenance organization that provides

group hospital, medical or surgical coverage under which coverage of a child terminates at a specified age shall, upon application of the employee, member or child, as set forth in subparagraph (B) of this paragraph, provide coverage to the child after that specified age and through age twenty-nine without evidence of insurability, subject to all of the terms and conditions of the group contract and the following:

(A) An employer shall not be required to pay all or part of the cost of coverage for a child provided pursuant to this subsection;

(B) An employee, member or child who wishes to elect continuation of coverage pursuant to this subsection shall request the continuation in writing:

(i) within sixty days following the date coverage would otherwise terminate due to reaching the specified age set forth in the group contract;

(ii) within sixty days after meeting the requirements for child status set forth in paragraph one of this subsection when coverage for the child previously terminated; or

(iii) during an annual thirty-day open enrollment period, as described in the contract;

(C) An employee, member or child electing continuation as described in this subsection shall pay to the group contractholder or employer, but not more frequently than on a monthly basis in advance, the amount of the required premium payment on the due date of each payment. The written election of continuation, together with the first premium payment required to establish premium payment on a monthly basis in advance, shall be given to the group contractholder or employer within the time periods set forth in subparagraph (B) of this paragraph. Any premium received within the thirty-day period after the due date shall be considered timely;

(D) For any child electing coverage within sixty days of the date the child would otherwise lose coverage due to reaching a specified age, the effective date of the continuation coverage shall be the date coverage would have otherwise terminated. For any child electing to resume coverage during an annual open enrollment period, the effective date of the continuation coverage shall be prospective no later than thirty days after the election and payment of first premium;

(E) Coverage for a child pursuant to this subsection shall consist of

coverage that is identical to the coverage provided to the employee or member parent. If coverage is modified under the contract for any group of similarly situated employees or members, then the coverage shall also be modified in the same manner for any child;

(F) Coverage shall terminate on the first to occur of the following:

(i) the date the child no longer meets the requirements of paragraph one of this subsection;

(ii) the end of the period for which premium payments were made, if there is a failure to make payment of a required premium payment within the period of grace described in subparagraph (C) of this paragraph; or

(iii) the date on which the group contract is terminated and not replaced by coverage under another group contract; and

(G) The corporation or health maintenance organization shall provide written notification of the continuation privilege described in this subsection and the time period in which to request continuation to the employee or member:

(i) in each certificate of coverage; and

(ii) at least sixty days prior to termination at the specified age as provided in the contract.

(3)(A) Corporations and health maintenance organizations shall submit such reports as may be requested by the superintendent to evaluate the effectiveness of coverage pursuant to this subsection including, but not limited to, quarterly enrollment reports.

(B) The superintendent may promulgate regulations to ensure the orderly implementation and operation of the continuation coverage provided pursuant to this subsection, including premium rate adjustments.

(m) A health care claim from a subscriber covered under a contract issued pursuant to this section shall be submitted within one hundred twenty days from the date of service; provided, however, that if it was not reasonably possible for the subscriber to submit the claim within that timeframe, then the claim shall be submitted as soon as reasonably possible.

(n) (1) Any corporation subject to the provisions of this article that issues hospital, surgical or medical expense contracts in the small group or large group market in this state shall offer to any employer in this state all such contracts in the applicable market, and shall accept

at all times throughout the year any employer that applies for any of those contracts.

(2) The requirements of paragraph one of this subsection shall apply with respect to an employer that applies for coverage either directly from the corporation or through an association or trust to which the corporation has issued coverage and in which the employer participates.