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HOUSE BILL NO. 1936

Offered January 18, 1999

A *BILL to amend and reenact § 38.2-3542 of the Code of Virginia, relating to accident and sickness insurance; group policies; notification to employees upon termination of coverage.*

Patrons—Morgan and Keating

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:**1. That § 38.2-3542 of the Code of Virginia is amended and reenacted as follows:**

§ 38.2-3542. Notice to employees upon termination of coverage; penalty for failure to remit funds.

A. Any employer who (i) assumes part or all of the cost of providing group accident and sickness insurance or a group health services plan or group health care plan for his employees under a group insurance policy or subscription contract or other evidence of coverage; or (ii) *provides a facility for deducting the full amount of the premium from employees' salaries and remitting such premium to the insurer, health services plan, or health maintenance organization; or (iii) provides for health and medical care or reimbursement of medical expenses for his employees as a self-insurer, shall give written notice to participating employees in the event of termination or upon the receipt of notice of termination of any such policy, contract, coverage, or self-insurance not later than fifteen days after the termination or receipt of the notice of termination.*

B. Any employer who collects from his employees any part of the cost of any of the policies, contracts, or coverages specified in subsection A of this section and who knowingly fails to remit the funds to the insurer or plan in accordance with the policy or contract provisions under which the employees are covered shall be guilty of a Class 1 misdemeanor.

C. *In the event the coverages specified in subsection A of this section are terminated due to nonpayment of premium by the employer, no such coverages shall be terminated by an insurer, health services plan, health maintenance organization or health insurance issuer as defined in § 38.2-3431 with respect to a covered individual unless and until a written or printed notice of the failure of the employer to remit the premium has been duly addressed and mailed to all persons insured under the policy. Coverage shall not be permitted to terminate for at least fifteen days after such notices have been mailed. Each insurer, health services plan, or health maintenance organization shall make reimbursement on all valid claims for services incurred prior to the date coverage is terminated.*

INTRODUCED

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