

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [H 1936]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 38.2-3542 of the Code of Virginia is amended and reenacted as follows:**

8 § 38.2-3542. Notice to employees upon termination of coverage; penalty for failure to remit funds.

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

19 B. Any employer who collects from his employees *or covers* any part of the cost of any of the  
20 policies, contracts, or coverages specified in subsection A of this section and who knowingly fails to  
21 remit ~~the funds~~ to the insurer or plan *such funds required to maintain coverage* in accordance with the  
22 policy or contract provisions under which the employees are covered shall be guilty of a Class 1  
23 misdemeanor *and shall be subject to civil suit for any medical expenses the employee may become liable*  
24 *for as a result of the employer letting such coverage be terminated.*

25 C. *In the event the coverages specified in subsection A of this section are terminated due to*  
26 *nonpayment of premium by the employer, no such coverages shall be terminated by an insurer, health*  
27 *services plan, health maintenance organization or health insurance issuer as defined in § 38.2-3431 with*  
28 *respect to a covered individual unless and until the employer has been provided with a written or*  
29 *printed notice of termination, including a specific date, not less than fifteen days from the date of such*  
30 *notice, by which coverage will terminate if overdue premium is not paid. Coverage shall not be*  
31 *permitted to terminate for at least fifteen days after such notice has been mailed. Each insurer, health*  
32 *services plan, or health maintenance organization shall make reimbursement on all valid claims for*  
33 *services incurred prior to the date coverage is terminated.*

ENROLLED

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