A bill for an act

relating to insurance; providing former employees the option to bypass continuation coverage and obtain low-cost immediate conversion health insurance coverage from their former employer's insurer; amending Minnesota Statutes 2008, section 62A.17, by adding a subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 62A.17, is amended by adding a subdivision to read:

Subd. 7. **Direct conversion to conversion policy.** (a) In addition to other coverage required to be available under this section, a health plan that provides group health coverage to an employer must contain a provision which provides to every covered employee eligible for continuation health coverage under subdivision 1 the right to obtain from the health carrier a direct conversion policy under this subdivision, without first enrolling in and completing continuation coverage. The employer, or health carrier on behalf of the employer, must provide the former employee with written notice of the former employee's rights under this subdivision at the same time the employer provides notice of the former employee's rights under subdivisions 1 to 5. Coverage under this subdivision must be offered to any person to whom continuation coverage must be offered under federal law or Minnesota law.

(b) The individual direct conversion policies available to a former employee, including dependent coverage at the option of the former employee, must be at least the following options:

(1) annual deductible of $1,000 per individual, 80 percent coverage above the deductible subject to an annual $10,000 limit on out-of-pocket costs, and further subject to a $1,000,000 lifetime maximum benefit per individual;

(2) health savings account compatible coverage, annual deductible of $2,000 per individual subject to a $4,000 annual family deductible, 80 percent coverage above the deductible subject to annual out-of-pocket limits of $5,000 per individual and $10,000 per family, and further subject to a $1,000,000 lifetime maximum per individual; and

(3) health savings account compatible coverage, annual deductible $5,950 per individual and $11,900 per family, with 100 percent coverage above those deductibles, subject to a $1,000,000 lifetime maximum per individual.

(c) The insurer must not consider the insurer's loss experience under policies issued under this subdivision in determining the premium or any other feature of the employer's group coverage.

(d) A former employee is not eligible for direct conversion coverage under this subdivision if the former employee has enrolled in continuation coverage under subdivisions 1 to 5. An election to receive coverage under this subdivision must be made no later than the deadline for electing continuation coverage under subdivisions 1 to 5.

(e) A person enrolled in direct conversion coverage under this subdivision may continue to renew that coverage until the person becomes eligible for group health coverage as an employee or dependent or 18 months, whichever is earlier. After 18 months, the former employee is eligible for Minnesota Comprehensive Health Association coverage without a preexisting condition limitation.

(f) Coverage under this subdivision must be available on a guaranteed-issue basis, following the HIPAA preexisting condition limitation definition.

EFFECTIVE DATE. This section is effective January 1, 2011, and applies to terminations of or layoffs from employment that begin on or after that date.