

Illinois Continuation of Coverage

This information does not apply to administrative services only (ASO) accounts.

This special insert provides an overview of many Continuation of Coverage provisions in the State of Illinois insurance law and introduces a new Illinois continuation statute — *Illinois Dependent Child Continuation* — that takes effect July 1, 2004. The law applies to all insured groups, including Cost Plus (it does not apply to ASO groups).

Employees or their dependents who become ineligible for your group health plan coverage may be eligible to continue group health plan coverage for a specified time under one or more of these provisions, even if your group is not required to provide COBRA continuation coverage.

Illinois law does not make every individual eligible under every law. Eligibility depends on the type of group health plan (for example, insured vs. self-insured), type of health product (for example, indemnity vs. HMO) and other factors. Many of these differences are outlined on the following pages.

Please note that this overview does not review all provisions of each statute (responsibilities specific to the employer and/or insurer are not included).

Points to Remember

When considering the Continuation of Coverage provisions, please note the following:

- These continuation statutes also apply to an Illinois group's out-of-state employees and dependents. If the group's policy is issued in Illinois, the coverage is extended to all eligible employees and dependents, regardless of which state they are living or working in, unless the state has an extraterritorial restriction.

- You are not required to offer the individual every continuation option for which he or she is eligible. You can determine the option for which the individual is eligible that offers the longest period of continuation, and offer the individual that option.
- *The eligible individual may make only a single election of continuation coverage at the time of the loss of group health coverage.* For example, the individual may not elect COBRA coverage and, when COBRA ends, continue group coverage under an Illinois continuation statute.
- Some public servants, such as police officers, firefighters, deputies and municipal employees, may be eligible for continuation through special state "public service" continuation laws, which are not included here.
- When an employee or dependent is switching from active membership to continuation, please make sure you indicate the type of continuation involved — COBRA, Illinois continuation, Illinois spousal continuation or Illinois dependent continuation.

For More Information

The Illinois Department of Consumer Health's Web site offers detailed information about each Illinois continuation statute at www.ins.state.il.us. To find this information, click on **Consumer/Provider** under the "Our Links" banner on the left; then click on **Consumer Information** on the right; click on **Health** under the list of bullet points and choose the appropriate statute — each begins with **Continuation Rights**. Or, call the Illinois Department of Consumer Health, Consumer Services Section at (312) 814-2427. Additionally, refer to your group's certificate of insurance or your company's legal counsel.

The information in this article should not be construed as legal advice or as a legal opinion on any specific facts or circumstances, and is not intended to replace the advice of independent legal counsel.



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	Illinois Continuation	Illinois Spousal Continuation	Illinois Dependent Child Continuation (<i>NEW</i>)
Name of law	Continuation of group hospital, surgical and major medical coverage after termination of employment or membership	Continuation privilege — group contracts	Dependent child continuation privilege — group contracts
Illinois Compiled Statutes (ILCS) reference	<ul style="list-style-type: none"> • 215 ILCS 5/367e (non-HMO business) • 215 ILCS 125/4-9.2 (HMO business) 	<ul style="list-style-type: none"> • 215 ILCS 5/367.2 (non-HMO business) • 215 ILCS 125/5-3 (HMO business) 	<ul style="list-style-type: none"> • 215 ILCS 5/367.2-5 (non-HMO business) • 215 ILCS 125/5-3 (HMO business)
Effective date	<ul style="list-style-type: none"> • October 1, 1975 (non-HMO business) • September 15, 1992 (HMO business) 	<ul style="list-style-type: none"> • December 1, 1985 (non-HMO business) • January 1, 2004 (HMO business) (<i>NEW</i>) 	<ul style="list-style-type: none"> • July 1, 2004 (non-HMO business) • July 1, 2004 (HMO business)
Applies to these types of business	<ul style="list-style-type: none"> • Insured • HMO 	<ul style="list-style-type: none"> • Insured • HMO 	<ul style="list-style-type: none"> • Insured • HMO
Parameters	<ul style="list-style-type: none"> • Applies only to hospital, medical or major medical coverage and need not include supplementary benefits such as dental, prescription drug or vision • Is not provided if the individual was discharged because of a job-related felony or theft, provided that the employee either admitted the act or the act has resulted in a conviction or order of supervision by a court of competent jurisdiction • Employee must elect coverage within 10 days of the later of date of termination or date the employee receives written notice of the continuation privilege 	<p>Continuation must be elected within 30 days of:</p> <ul style="list-style-type: none"> • The employee's death • The employee's retirement, or • The date of the entry of judgment of divorce 	<ul style="list-style-type: none"> • In the event of the death of the employee, if continuation coverage is desired, the dependent child or a responsible adult acting on behalf of the dependent child shall give the employer written notice of the death of employee within 30 days of the date the coverage terminates • In the event of the dependent child attaining the limiting age under the policy, if continuation coverage is desired, the dependent child shall give the employer written notice of the attainment of the limiting age within 30 days of the date the coverage terminates

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Who is eligible?	<ul style="list-style-type: none"> • Employees and dependents continuously insured under the policy for three (3) months prior to: <ul style="list-style-type: none"> ○ termination, ○ loss of membership, or ○ reduction in hours below the minimum required by the group plan • Individuals who are not Medicare-eligible, except those covered by the group's Medicare supplemental policy • Individuals who have not become covered under another group health plan since termination • An individual who has not exercised his or her conversion privilege 	<p>These individuals insured under the provisions of the group policy:</p> <ul style="list-style-type: none"> • Spouse and dependents of a deceased employee • Spouse, age 55 and older, and dependents of a retired employee • Divorced spouse and dependents of an active employee 	<p>An employee's dependent child who is insured under the provisions of the group policy or certificate in the event of:</p> <ul style="list-style-type: none"> • The death of the employee and the child is not eligible under the provisions of Section 367.2 (spousal continuation), or • The dependent child has attained the limiting age under the policy
Premiums	<ul style="list-style-type: none"> • Total amount of premium • Amount may not be more than the group rate • Amount should be reduced by the cost of any supplementary benefits that have been discontinued (e.g., dental, vision, etc.) 	<p>Monthly continuation premium includes:</p> <ol style="list-style-type: none"> 1) Amount that would be charged a current employee, plus 2) Amount that the employer would contribute toward the premium for current employees <p style="font-size: small;">If the spouse is age 55 or older at the time continuation coverage begins, two years after coverage begins an additional amount not to exceed 20% of 1) plus 2) above, shall be added for the cost of administration</p>	<p>Monthly continuation premium includes:</p> <ol style="list-style-type: none"> 1) Amount, if any, that would be charged an employee if the dependent child were a current employee of the employer, plus 2) Amount, if any, that the employer would contribute toward the premium if the dependent child were a current employee

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Termination	<p>Continuation coverage ends on the earliest of:</p> <ul style="list-style-type: none"> • Nine months after termination of employment or membership; • The individual's Medicare eligibility; • The individual's coverage by any other plan providing hospital, surgical or major medical coverage; • The employee's failure to make the required contributions monthly in advance; • The date the employer terminates the group policy (the balance of the continuation period must be provided by the succeeding carrier); or • The individual exercising their conversion privilege 	<p>Continuation coverage ends on the earliest of:</p> <ul style="list-style-type: none"> • If the spouse is under age 55 at the time continuation coverage begins, after two years of continuation coverage • If the spouse is age 55 or older at the time continuation coverage begins, on the date that the former spouse reaches the qualifying age or otherwise establishes Medicare eligibility, <ul style="list-style-type: none"> • Upon remarriage, • If the spouse becomes insured as an employee under any group health plan, • Upon failure to pay the required premium within the time required, or • On the date when coverage would otherwise terminate under the terms of the existing policy if the employee and former spouse were still married to each other, except if due to the employee's retirement. However, the existing coverage shall not be modified or terminated during the first 120 days after the employee's death or retirement, or after the divorce decree, unless the master policy in existence at the time is modified or terminated for all employees. 	<p>Continuation coverage ends on the earliest of:</p> <ul style="list-style-type: none"> • The failure to pay premiums when due, including any grace period allowed by the policy; • When coverage would terminate under the terms of the existing policy if the dependent child was still an eligible dependent of the employee; • The date on which the dependent child first becomes, after the date of election, an insured employee under any other group health plan; or • The expiration of two (2) years from the date continuation coverage began
Medicare	<ul style="list-style-type: none"> • Medicare-eligible individuals covered by the group's Medicare supplementary policy are eligible • Medicare eligibility terminates continuation coverage 	<p>If the spouse is age 55 or older when continuation begins, continuation coverage terminates on the date that the former spouse reaches the qualifying age or otherwise establishes Medicare eligibility. (The law does not speak to Medicare eligibility as a terminating event for spouses/dependents who are under age 55 at the time continuation begins.)</p>	<p>The statute does not address Medicare-eligible dependent children</p>
Special points	<ul style="list-style-type: none"> • Conversion privilege applies after coverage terminated 	<ul style="list-style-type: none"> • Conversion privilege applies after coverage terminates 	<ul style="list-style-type: none"> • Conversion privilege applies after coverage terminates

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