

SUBCHAPTER F. Group Health Insurance Mandatory Conversion Privilege**28 TAC 3.501-3.520**

1. INTRODUCTION. The commissioner of insurance adopts the repeal of 28 TAC Chapter 3, Subchapter F, concerning Group Health Insurance Mandatory Conversion Privilege. The repeal is adopted without changes to the proposal published in the July 4, 2014, issue of the Texas Register (39 TexReg 5077).

2. REASONED JUSTIFICATION. Adoption of the repeal will eliminate rules replaced by the proposed new 28 TAC Chapter 21, Subchapter SS. The repeal of 28 TAC Chapter 3, Subchapter F; its replacement by the proposed new 28 TAC Chapter 21, Subchapter SS; and concurrently proposed amendments to 28 TAC Chapter 11, Subchapter F; are necessary to conform TDI's continuation and conversion rules to statutory changes, including HB 710, 75th Legislature, Regular Session (1997) and SB 1771, 81st Legislature, Regular Session (2009), and to consolidate the rules for insured and HMO products to enhance consistency in the market to the extent possible. The repealed, amended, and new rules will conserve agency resources by reducing the need for multiple rule projects resulting from future changes in continuation or conversion laws.

3. SUMMARY OF COMMENTS AND AGENCY RESPONSE. TDI received no comments on the published proposal for repeal.

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4. STATUTORY AUTHORITY. TDI adopts the repeal under Insurance Code §§36.001, 843.051(b)(3), 1251.008, 1251.251, 1251.253, 1251.258, 1251.260, 1271.301(b), 1271.306(c), and 1701.060(a).

Section 36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of the department under the Insurance Code and other laws of this state.

Section 843.051(b)(3) states, "(b) A health maintenance organization is subject to ... (3) Subchapter G, Chapter 1251, and Section 1551.064."

Section 1251.008 states, "The commissioner may adopt rules necessary to administer this chapter. A rule adopted under this section is subject to notice and hearing as provided by Section 1201.007 for a rule adopted under Chapter 1201."

Section 1251.251 states, "(a) An insurer or group hospital service corporation that issues policies that provide hospital, surgical, or major medical expense insurance coverage or any combination of those coverages on an expense incurred basis shall, as required by this subchapter, provide continuation of group coverage for employees or members and their eligible dependents, subject to the eligibility provisions prescribed by Section 1251.252."

Section 1251.253 states, "An employee, member, or dependent must provide to the employer or group policyholder a written request for continuation of group coverage not later than the 60th day after the later of: (1) the date the group coverage would otherwise terminate; or (2) the date the individual is given, in a format prescribed by the

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commissioner, notice by either the employer or the group policyholder of the right to continuation of group coverage.”

Section 1251.258 states, “The commissioner by rule shall establish minimum standards for benefits under converted policies issued under this subchapter.”

Section 1251.260 states, “(a) An employer that provides to its employees group accident and health insurance coverage that includes a group continuation or conversion privilege on termination of coverage shall give written notice of the continuation or conversion privileges under the policy to each employee or dependent insured under the group and affected by the termination. (b) The commissioner by rule shall establish minimum standards for the notice required by this section.”

Section 1271.301(b) states, “A health maintenance organization shall provide a group coverage continuation privilege as required by and subject to the eligibility provisions of this subchapter.”

Section 1271.306(c) states, “A conversion contract must meet the minimum standards for services and benefits for conversion contracts. The commissioner shall adopt rules to prescribe the minimum standards for services and benefits applicable to conversion contracts.”

Section 1701.060(a) provides that the commissioner may adopt reasonable rules necessary to implement the purposes of Chapter 1701.

5. TEXT.

§3.501 Purpose and Scope

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§3.502 Definitions

§3.503 Forms Adopted and Incorporated by Reference

§3.504 Eligibility for Mandatory Group Conversion and Continuation Privilege

§3.505 Mandatory Conversion or Continuation Options

§3.506 Notification Requirement of Insurers and Employer/Group Policyholders

§3.507 Election and Effective Dates

§3.508 Conversion Premium

§3.509 Continuation Premium

§3.510 Minimum Standards for Benefits for Other Conversion Policies

§3.511 Minimum Standards for Conversion Policy Provisions and Requirements for Conversion Policies

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§3.512 Lifetime Maximums and Benefits Calculations; Deductible and Co-Insurance Credit

§3.513 Minimum Standards for Renewability of Conversion Policies

§3.514 Minimum Standards for Continuation of Coverage

§3.515 Prototype Forms and Required Conversion Benefit Packages

§3.516 Filing Requirements

§3.517 Language Readability Requirements

§3.518 Mandatory Group Policy Provisions

§3.519 Compliance

§3.520 Appendix

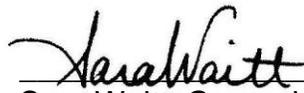
6. CERTIFICATION. This agency certifies that legal counsel has reviewed the rule as adopted and found it to be a valid exercise of the agency's legal authority.

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Issued in Austin, Texas, on October 24, 2014.



Sara Waitt, General Counsel
Texas Department of Insurance

The commissioner adopts the repeal of 28 TAC Chapter 3, Subchapter F.



Julia Rathgeber
Commissioner of Insurance

Commissioner's Order No. **3609**