

105TH CONGRESS  
2D SESSION

# H. R. 4709

To amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to require a health insurance issuer to notify all participants and beneficiaries if a group health plan fails to pay premiums necessary to maintain coverage, and provide a conversion option for such participants and beneficiaries if the plan is terminated.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 6, 1998

Mrs. THURMAN (for herself, Mr. STARK, Mr. KUCINICH, and Mr. DAVIS of Florida) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to require a health insurance issuer to notify all participants and beneficiaries if a group health plan fails to pay premiums necessary to maintain coverage, and provide a conversion option for such participants and beneficiaries if the plan is terminated.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Beneficiary Notifica-  
3 tion Rights Act of 1998”.

4 **SEC. 2. NOTIFICATION TO PARTICIPANTS AND BENE-**  
5 **FICIARIES.**

6 (a) GROUP HEALTH PLANS.—

7 (1) PUBLIC HEALTH SERVICE ACT AMEND-  
8 MENTS.—(A) Subpart 2 of part A of title XXVII of  
9 the Public Health Service Act is amended by adding  
10 at the end the following new section:

11 **“SEC. 2706. NOTIFICATION TO PARTICIPANTS AND BENE-**  
12 **FICIARIES.**

13 “(a) REQUIREMENT.—If a health insurance issuer of-  
14 fering group health insurance coverage intends to termi-  
15 nate coverage or allow a policy to lapse because a group  
16 health plan failed to pay to the issuer premiums necessary  
17 to maintain coverage, the issuer shall, not later than 30  
18 days prior to the date of termination or policy lapse, pro-  
19 vide written notice to all participants and beneficiaries in-  
20 dicating the termination date of such coverage. The issuer  
21 may not terminate coverage retroactively.

22 “(b) CONVERSION OPTION.—In a case in which a  
23 health insurance issuer terminates health insurance cov-  
24 erage offered in connection with a group health plan be-  
25 cause a group health plan failed to pay to the issuer pre-  
26 miums necessary to maintain coverage, the issuer shall,

1 for a period of 180 days beginning on the termination  
2 date, provide to all participants and beneficiaries the op-  
3 tion of enrollment under a conversion health plan.

4 “(c) NOTICE.—A group health plan under this part  
5 shall comply with the notice requirement under section  
6 713(c) of the Employee Retirement Income Security Act  
7 of 1974 with respect to the requirements of this section  
8 as if such section applied to such plan.”.

9 (B) Section 2723(c) of such Act (42 U.S.C.  
10 300gg-23(c)), as amended by section 604(b)(2) of  
11 Public Law 104-204, is amended by striking “sec-  
12 tion 2704” and inserting “sections 2704 and 2706”.

13 (2) ERISA AMENDMENTS.—(A) Subpart B of  
14 part 7 of subtitle B of title I of the Employee Re-  
15 tirement Income Security Act of 1974 is amended by  
16 adding at the end the following new section:

17 **“SEC. 713. NOTIFICATION TO PARTICIPANTS AND BENE-**  
18 **FICIARIES.**

19 “(a) REQUIREMENT.—If a health insurance issuer of-  
20 fering group health insurance coverage intends to termi-  
21 nate coverage or allow a policy to lapse because a group  
22 health plan failed to pay to the issuer premiums necessary  
23 to maintain coverage, the issuer shall, not later than 30  
24 days prior to the date of termination or policy lapse, pro-  
25 vide written notice to all participants and beneficiaries in-

1 dicating the termination date of such coverage. The issuer  
2 may not terminate coverage retroactively.

3 “(b) CONVERSION OPTION.—In a case in which a  
4 health insurance issuer terminates health insurance cov-  
5 erage offered in connection with a group health plan be-  
6 cause a group health plan failed to pay to the issuer pre-  
7 miums necessary to maintain coverage, the issuer shall,  
8 for a period of 180 days beginning on the termination  
9 date, provide to all participants and beneficiaries the op-  
10 tion of enrollment under a conversion health plan.

11 “(c) NOTICE UNDER GROUP HEALTH PLAN.—A  
12 group health plan, and a health insurance issuer providing  
13 health insurance coverage in connection with a group  
14 health plan, shall provide notice to each participant and  
15 beneficiary under such plan regarding the imposition of  
16 the requirements of this section in accordance with regula-  
17 tions promulgated by the Secretary. Such notice shall be  
18 in writing and prominently positioned in any literature or  
19 correspondence made available or distributed by the plan  
20 or issuer and shall be transmitted upon enrollment and  
21 annually thereafter, with the first notice required in the  
22 first mailing made by the plan or issuer to the participant  
23 or beneficiary after the date of the enactment of the Bene-  
24 ficiary Notification Rights Act of 1998.”.

1           (B) Section 731(c) of such Act (29 U.S.C.  
2           1191(e)), as amended by section 603(b)(1) of Public  
3           Law 104–204, is amended by striking “section 711”  
4           and inserting “sections 711 and 713”.

5           (C) Section 732(a) of such Act (29 U.S.C.  
6           1191a(a)), as amended by section 603(b)(2) of Pub-  
7           lic Law 104–204, is amended by striking “section  
8           711” and inserting “sections 711 and 713”.

9           (D) The table of contents in section 1 of such  
10          Act is amended by inserting after the item relating  
11          to section 712 the following new item:

“Sec. 713. Notification to participants and beneficiaries.”.

12           (3) INTERNAL REVENUE CODE AMEND-  
13          MENTS.—Subchapter B of chapter 100 of the Inter-  
14          nal Revenue Code of 1986 (as amended by section  
15          1531(a) of the Taxpayer Relief Act of 1997) is  
16          amended—

17           (A) in the table of sections, by inserting after  
18          the item relating to section 9803 the following new  
19          item:

“Sec. 9804. Notification to participants and beneficiaries.”; and

20           (B) by inserting after section 9803 the follow-  
21          ing:

1 **“SEC. 9804. NOTIFICATION TO PARTICIPANTS AND BENE-**  
2 **FICIARIES.**

3 “(a) IN GENERAL.—If a health insurance issuer of-  
4 fering group health insurance coverage intends to termi-  
5 nate coverage or allow a policy to lapse because a group  
6 health plan failed to pay to the issuer premiums necessary  
7 to maintain coverage, the issuer shall, not later than 30  
8 days prior to the date of termination or policy lapse, pro-  
9 vide written notice to all participants and beneficiaries in-  
10 dicating the termination date of such coverage. The issuer  
11 may not terminate coverage retroactively.

12 “(b) CONVERSION OPTION.—In a case in which a  
13 health insurance issuer terminates health insurance cov-  
14 erage offered in connection with a group health plan be-  
15 cause a group health plan failed to pay to the issuer pre-  
16 miums necessary to maintain coverage, the issuer shall,  
17 for a period of 180 days beginning on the termination  
18 date, provide to all participants and beneficiaries the op-  
19 tion of enrollment under a conversion health plan.”.

20 (b) EFFECTIVE DATES.—The amendments made by  
21 subsection (a) shall apply with respect to group health  
22 plans or health insurance coverage offered in connection  
23 with group health plans for plan years beginning on or  
24 after January 1, 1999.

25 (c) COORDINATED REGULATIONS.—Section 104(1) of  
26 Health Insurance Portability and Accountability Act of

1 1996 is amended by striking “this subtitle (and the  
2 amendments made by this subtitle and section 401)” and  
3 inserting “the provisions of part 7 of subtitle B of title  
4 I of the Employee Retirement Income Security Act of  
5 1974, the provisions of parts A and C of title XXVII of  
6 the Public Health Service Act, and chapter 100 of the In-  
7 ternal Revenue Code of 1986”.

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