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CHANGES TO EMPLOYER HEALTH INSURANCE PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES

Effective October 1, 2009, employers may elect to stop paying group health insurance premiums for an employee and his or her dependents as of seventy-two (72) hours after the employee quits or is terminated for any reasons but a layoff.

Public Act 09-126, a new Connecticut law, provides employers with the option to stop paying health insurance premium payments due to an employee's termination. P.A. 09-126 does not apply if collective bargaining agreements require an employer to pay an employee's insurance premiums after his or her termination.

Under P.A. 09-126, "employer" means any owner, person, partnership, corporation, limited liability company, or association acting as or on behalf of an employer, or in an employer's interest in relation to employees, including the state and any state political subdivision.

An employer electing to stop health insurance premium payments must, within seventy-two (72) hours of the employee's termination, notify (1) the employee (in writing at the time of termination is strongly recommended) and (2) the affected insurance company, HMO, hospital or medical service corporation, or fraternal benefit society (collectively, "Insurer"). P.A. 09-126 requires an employer to reimburse the affected employee his or her portion, if any, of premiums that the insurance carrier credits or refunds to the employer.

Pursuant to P.A. 06-126, an Insurer is required to:

- (1) Give an employer information about the election option, including a notice that it is the employer's responsibility to return to an affected employee his or her portion of credited premiums. This information shall be given to the employer when a policy is issued or renewed;
- (2) Credit premiums to an employer that (a) makes a permissible election and (b) notifies the employee and insurer no later than seventy-two (72) hours after the employee's termination; and
- (3) Apply the credit to the employer's next monthly premium bill or, if the policy is not renewed, issue the employer a refund.

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Furthermore, federal law, the Consolidated Omnibus Budget Reconciliation Act (“COBRA”), and state law (Conn. Gen. Stats. §§ 38a-546 and 38a-554), provides to certain former employees the right to temporary continued coverage under an employer’s group health plan after their coverage would otherwise end, so long as the insured pays the required premiums. Therefore, the state or federal continuation, if elected by the former employee, commences on the day following the termination of the group health insurance coverage.

On September 2, 2009, the State of Connecticut Insurance Department issued Bulletin HC-73, which provides further guidance to P.A. 09-126. Bulletin HC-73 can be found at: <http://www.ct.gov/cid/lib/cid/bullHC73.pdf>.

For further information about P.A. 09-126 and steps that should be taken to maintain compliance with this new law, please contact Christopher L. Brigham of the Employment Law Practice Group at (203) 786-8310 or cbrigham@uks.com, or Dawn E. Alderucci of the Employment Law Practice Group at (860) 548-2621 or dalderucci@uks.com.