

Connecticut Law Clarifies Medical Continuation Rights Following Termination

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Effective October 1, 2009, a new law provides guidance on employer and employee rights regarding the continuation of medical coverage following termination of employment. (P.A. 09-126). Under the new law, employers must continue to cover employees and pay its portion of the premium for 72 hours following the employee's termination. "Employment termination" is defined as a voluntary quit, or a discharge for any reason other than layoff.

Employers may, but need not, continue to cover employees for a longer period than 72 hours; for instance, to the last day of the month in which the termination occurs. Dependent coverage ceases when employee coverage ends. Employees must be reimbursed by their employer for any period of time for which they made a contribution, but received no coverage. Likewise insurance providers must credit companies for any period of time in which the company paid a premium, but its employee received no coverage. To receive the credit, employers must report the employee's termination to the insurance provider within 72 hours of the termination, or one day's credit will be lost for each day coverage continues.

The new law does not supersede collective bargaining provisions that may require greater extended coverage following the termination of employment. Also, state benefit continuation and COBRA requirements will now begin once the new law's 72 hour coverage period ends.

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