



# Ohio Legislative Service Commission

## Bill Analysis

Elizabeth Molnar

### H.B. 511

130th General Assembly  
(As Introduced)

**Reps.** Sears, Boose, Grossman, Henne, Romanchuk, Smith, Wachtmann, Young

---

## BILL SUMMARY

- Lowers to 26 (from 28) the age to which health insurance coverage must be extended, upon the request of the insured, under certain health policies or plans that provide coverage to an insured's unmarried dependent children.
- Increases to 30 (from 25) the minimum number of hours that an eligible employee works in a normal work week for the purposes of the law governing small employer health benefit plans.
- Specifies that certain insurance contracts issued from January 1, 2015 to January 1, 2018, are not required to provide that eligible employees and their dependents may continue coverage under the contract.

---

## CONTENT AND OPERATION

### Insurance coverage for dependent children

The bill provides that, once an unmarried child has attained the limiting age for dependent children specified in a health insurance policy, contract, agreement, or benefit plan and upon the request of the insured, the health insurer must offer to cover the unmarried child until the child reaches age 26 if certain conditions are satisfied (see "**Limiting age**," below).<sup>1</sup> Current law requires that such coverage extend until the unmarried child reaches age 28; however, it does not require insurers to offer dependent coverage in general.

---

<sup>1</sup> R.C. 1751.14, 3923.24, and 3923.241.

The insurers subject to these provisions of the bill are health insuring corporations, sickness and accident insurers, multiple employer welfare arrangements, and public employee benefit plans. The provisions do not apply to health insurance that is part of employee benefits offered by private employers that self-insure their benefit programs. These programs are generally precluded from state regulation by the federal Employee Retirement Income Security Act (ERISA) (see "**ERISA**," below).

As noted above, coverage must be extended to an unmarried dependent child upon the request of the insured and if certain conditions are met, including the following: (1) the child is the natural child, stepchild, or adopted child of the insured, (2) the child is an Ohio resident or a full-time student at an accredited public or private institution of higher education, (3) the child is not Medicaid or Medicare eligible, and (4) the child is not employed by an employer that offers any health benefit plan under which the child is eligible for coverage.

### **Limiting age**

Existing law allows a health insurance policy or plan offered by a sickness and accident insurer, a health insuring corporation, multiple employer welfare arrangement, or public employee benefit plan that offers coverage for unmarried dependent children to place a "limiting age" on such coverage. Under current law, the attainment of that age may not operate to terminate coverage if the child continues to be both: (1) incapable of self-sustaining employment by reason of mental retardation or physical handicap and (2) primarily dependent on the policyholder for support or maintenance.

### **Mandated health benefits legislation**

The bill's requirements regarding extended coverage for unmarried dependents could be considered mandated health benefits. Under current law, no mandated health benefits legislation enacted by the General Assembly may be applied to any policy, contract, plan, or other arrangement providing sickness and accident or other health benefits until the Superintendent of Insurance determines, pursuant to a hearing conducted in accordance with the Administrative Procedure Act, that the provision can be applied fully and equally in all respects to (1) employee benefit plans subject to regulation by the federal ERISA and (2) employee benefit plans established or modified by the state or its political subdivisions.<sup>2</sup>

The bill includes provisions that exempt its requirements regarding coverage for unmarried dependents from review by the Superintendent. Therefore, the coverage

---

<sup>2</sup> R.C. 3901.71, not in the bill.

may be implemented without a hearing and determination that the coverage can be applied to employee benefit plans subject to ERISA.<sup>3</sup>

## **ERISA**

ERISA is a comprehensive federal statute governing the administration of employee benefit plans. ERISA generally precludes state regulation of benefits offered by private employers that self-insure their benefit programs. Larger employers frequently choose to establish their own health insurance plans for their employees in lieu of purchasing coverage from a sickness and accident insurer or health insuring corporation.

### **Eligible employees under small employer benefit plans**

The bill specifies, for the purposes of the law governing small employer benefit plans, that an eligible employee means an employee who works a normal work week of 30 or more hours. Current law provides that an eligible employee works a normal work week of 25 or more hours. A small employer, in connection with a group health benefit plan, is an employer who employed an average of at least two but no more than 50 eligible employees on business days during the preceding calendar year and who employs at least two employees on the first day of the plan year.<sup>4</sup> This change conforms Ohio law to provisions in the Patient Protection and Affordable Care Act (ACA) that relate to mandatory health insurance coverage.

### **Continuation of group health insurance coverage**

Current law requires that group health insurance contracts offered by health insuring corporations, sickness and accident insurers, multiple employer welfare arrangements, and public or private employer self-insurance plans include a provision that allows eligible employees and their dependents to continue receiving coverage under the group contract at the employee's expense for 12 months after the employee's employment is terminated.<sup>5</sup> The bill suspends the law's operation for contracts issued on or after January 1, 2015 and before January 1, 2018. However, the bill also provides that the law becomes operational if, prior to January 1, 2018, certain portions of the ACA are amended or repealed in such a way as to nullify insurance requirements

---

<sup>3</sup> R.C. 1751.69(B) and 3923.85(B).

<sup>4</sup> R.C. 3924.01.

<sup>5</sup> R.C. 1739.05, 1751.53, not in the bill, and 3923.38, not in the bill.



related to guaranteed availability of coverage or guaranteed renewal of health insurance.<sup>6</sup>

## Application

The bill applies to policies, contracts, agreements, and plans that are delivered, issued for delivery, or renewed in Ohio on or after January 1, 2015.

---

## HISTORY

ACTION	DATE
Introduced	04-01-14

H0511-I-130.docx/ks

---

<sup>6</sup> Section 4.

