

Senate Bill 51 Overview

Senate Bill 51 (51351) is State legislation which became effective September 1, 2006 that requires employers to pay health insurance premiums to health maintenance organization (HMO) insurance carriers when the carrier is retroactively notified of changes in insurance status that impacts eligibility. Payments required under SB51 are due to retroactive terminations of coverage.

SB-51 Premium

SB-51 subjects employers to premium penalties for notifying health insurance carriers of retrospective cancelation of insurance coverage.

These premiums penalties:

- Are charged each month through the end of the month in which notification occurs
- Include both the employee and employer portion of the premium
- Cannot be made using State funds

In addition to the standard notification of COBRA and other continuation of benefit notifications, there is a financial impact to the business owner for late notifications. Per Texas Senate Bill 51 - under the health insurance plan, benefits will terminate at the end of the contract month in which the termination notification is received. This holds true for all medical, dental and vision plans. Voluntary benefits such as Life, STD and LTD may be subject to different criteria.

IMPORTANT

Texas Senate PM SI — Pertains to all Terminations of Insured Employees

Group policy holders are required to provide coverage for the employee or insured under the policy, until the end of the contract month in which the termination notification is received by the benefit plan, carrier, or insurer. This means that if an employee terminates and Employer Flexible is not made aware until the new plan month has begun, coverage will continue, per law, at the client's expense through the period Employer Flexible is notified.

Please make sure terms are received timely or the company could be held liable for any outstanding benefit premiums.

Questions?

Please contact the Human Resources Department at 1-888-983-5879.

