

Obligation to Continue Premium Payment and Coverage after Notice of Lost Group Eligibility - Senate Bill 51

SB 51 requires employers to pay the premium through the end of the month for any employees terminated during that month. For example, if an employee terminates employment on May 18, 2007 their coverage would "normally" end on May 31, 2007. However, if for some reason you do not notify the carrier of the termination until June 10, 2007, you are required to pay the premium for that employee for the entire month of June. It gets worse! If the employee had family coverage you are on the hook for the total premium attributable to that employee even though you had previously been paying the employee only premium or a portion thereof. There are exceptions to the rules. For instance, if the termination of employment occurs in the last seven (7) days of the month, you have three (3) business days into the subsequent month to notify the carrier of the termination and thus avoid paying the additional premium for that month. An exception also applies to any former employee already enrolled in some form of continuation of coverage, such as Texas State Continuation, COBRA, or USERRA.

You can also [CLICK HERE](#) for the Final Rules to SB51 published by the Texas Department of Insurance