



Ohio Revised Code

Section 3923.39 Consolidated corporation cancelling individual policy for nonpayment.

Effective: October 1, 1987

Legislation: Senate Bill 124 - 117th General Assembly

(A) As used in this section:

(1) "Consolidated corporation" means any mutual insurance company that merged or consolidated with a hospital service association.

(2) "Individual policy" means a policy other than a policy issued pursuant to section 3923.11, 3923.12, or 3923.13 of the Revised Code.

(3) "Individual policyholder" means a person who is an insured under an individual policy.

(4) "Cancel" means any cancellation, denial of renewal, lapse, or other termination of coverage of an individual policyholder of a consolidated corporation on the ground of nonpayment of a policy payment.

(5) "Notice of cancellation" means a notice by a consolidated corporation of an intention to cancel an individual policy on the ground of nonpayment of a policy payment.

(6) "Extenuating circumstances" means circumstances that excuse an individual policyholder's failure to pay a policy payment after the mailing of a notice of cancellation under this section and include, but are not limited to, any of the following:

(a) Hospitalization;

(b) Incapacity or incompetency;

(c) Continuous absence from the address to which the notice was addressed for a period of time, including the date on which the notice was delivered to the address, of not more than sixty days from



the date on which the notice was mailed.

(7) "Medicare supplement policy" has the same meaning as in section 3923.33 of the Revised Code.

(B) If a consolidated corporation does not receive a policy payment due from a policyholder on an individual policy on or before the due date shown on a billing mailed to the policyholder, the consolidated corporation may cancel the policyholder's coverage by mailing a notice of cancellation to the policyholder at his last known address.

No cancellation for nonpayment of a policy payment shall take effect until not less than fifteen days have passed since the date of mailing of a notice of cancellation.

An individual policyholder whose coverage is terminated for nonpayment may apply for reinstatement of coverage within sixty days after the date the notice of cancellation is mailed. The consolidated corporation shall reinstate the coverage, continuous from the date of cancellation, if it determines that the policyholder's failure to pay was due to extenuating circumstances, and the policyholder pays the payment required for reinstatement of coverage. A consolidated corporation shall establish an appeals procedure that will enable the policyholder to present the reasons why the consolidated corporation should reconsider the cancellation and reinstate the coverage.

The notice of cancellation shall advise the policyholder of the policyholder's rights to appeal the cancellation of coverage and of the amount of payment that will be required to reinstate the coverage.

(C) No individual policyholder of a consolidated corporation shall be billed either by a hospital or the consolidated corporation for rendered health care services adjudged unnecessary by a utilization review mechanism recognized by the consolidated corporation or the hospital, provided such individual policyholder has acted in good faith. The contract between the consolidated corporation and the hospital may specify the conditions under which the consolidated corporation or the hospital shall sustain the loss of revenue.

(D) Notwithstanding the provisions of section 3941.47 of the Revised Code, a medicare supplement policy issued or renewed by a consolidated corporation to an individual policyholder may not



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provide for the denial or reduction of benefits under such policy when services are provided at or by a hospital which does not have a contractual relationship with such consolidated corporation.