

(3) "GROUP CONTRACT" MEANS:

(I) AN INSURANCE CONTRACT OR POLICY THAT IS ISSUED OR DELIVERED IN THE STATE TO THE EMPLOYER OF THE INSURED BY AN INSURER OR NONPROFIT HEALTH SERVICE PLAN AND THAT PROVIDES GROUP HOSPITAL, MEDICAL, OR SURGICAL BENEFITS TO THE EMPLOYEES OF THE EMPLOYER ON AN EXPENSE-INCURRED BASIS; OR

(II) A CONTRACT BETWEEN THE EMPLOYER OF AN INSURED AND A HEALTH MAINTENANCE ORGANIZATION CERTIFIED UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE THAT PROVIDES GROUP HOSPITAL, MEDICAL, OR SURGICAL BENEFITS TO THE EMPLOYEES OF THE EMPLOYER.

(4) "INSURED" MEANS AN EMPLOYEE WHO IS A RESIDENT OF THE STATE AND COVERED UNDER A CURRENT OR PREDECESSOR GROUP CONTRACT WITH THE SAME EMPLOYER FOR AT LEAST 3 MONTHS BEFORE THE CHANGE IN STATUS.

(B) REQUIRED.

(1) EACH GROUP CONTRACT IN FORCE ON THE DATE OF THE CHANGE IN STATUS SHALL PROVIDE CONTINUATION COVERAGE IN ACCORDANCE WITH THIS SECTION.

(2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, IF CONTINUATION COVERAGE IS ELECTED BY OR ON BEHALF OF AN INSURED, THE GROUP CONTRACT SHALL PROVIDE CONTINUATION COVERAGE TO THE INSURED AFTER A CHANGE IN STATUS.

(C) PERIOD OF CONTINUATION COVERAGE.

CONTINUATION COVERAGE THAT IS ELECTED BY OR ON BEHALF OF THE INSURED UNDER THE GROUP CONTRACT SHALL BEGIN ON THE DATE OF THE CHANGE IN STATUS AND END ON THE EARLIEST OF THE FOLLOWING:

(1) 18 MONTHS AFTER THE DATE OF THE CHANGE IN STATUS;

(2) THE DATE ON WHICH THE INSURED FAILS TO MAKE TIMELY PAYMENT OF AN AMOUNT REQUIRED UNDER SUBSECTION (D)(2) OF THIS SECTION;

(3) THE DATE ON WHICH THE INSURED BECOMES ELIGIBLE FOR HOSPITAL, MEDICAL, OR SURGICAL BENEFITS UNDER AN INSURED OR SELF-INSURED GROUP HEALTH BENEFIT PROGRAM OR PLAN, OTHER THAN THE GROUP CONTRACT, THAT IS WRITTEN ON AN EXPENSE-INCURRED BASIS OR IS WITH A HEALTH MAINTENANCE ORGANIZATION;

(4) THE DATE ON WHICH THE INSURED BECOMES ENTITLED TO BENEFITS UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT;

(5) THE DATE ON WHICH THE INSURED ACCEPTS HOSPITAL, MEDICAL, OR SURGICAL COVERAGE UNDER A NONGROUP CONTRACT OR POLICY THAT IS WRITTEN ON AN EXPENSE-INCURRED BASIS OR IS WITH A HEALTH MAINTENANCE ORGANIZATION;