

## TRUMBULL COUNTY BOARD OF DEVELOPMENTAL DISABILITIES

Policy

Section 5.31

### GROUP HEALTH INSURANCE CONTINUATION COVERAGE UNDER COBRA

On April 7, 1986, a federal law was enacted (Public Law 99-272, Title X) requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end. This is a summary of the rights and obligations under the continuation of coverage provisions of the law.

- A. A covered employee or covered dependent may have a right to choose this continuation coverage if they lose group health coverage because of a reduction in hours of employment or termination of employment (for reasons other than gross misconduct).
- B. A spouse or dependent child of an employee covered by the Board's group health plan, may have the right to choose continuation coverage if they lose group health coverage under the Board's group health plan for any of the following reasons:
  - 1. The death of the employee;
  - 2. A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment;
  - 3. The employee's divorce or legal separation;
  - 4. The employee becomes entitled to Medicare; or
  - 5. In the case of a dependent child, the dependent child ceases to be an eligible "dependent child" as defined by this group health plan.
- C. Under the law, the employee or a family member has responsibility to inform the Board of a divorce, legal separation, or a child losing dependent status under this Plan within 60 days of the event.
- D. Similar rights may apply to certain retirees, spouses, and dependent children if the Board commences a bankruptcy proceeding and these individuals lose coverage.
- E. When the Board is notified that one of these events has happened, the plan Administrator will in turn notify the individual of the right to choose continuation coverage. Under the law, the individual's will have at least 60 days from the date of one of the qualifying events described above to inform the Board of the election to continuation coverage.
- F. If the individuals do not choose continuation of coverage in a timely basis, the group health coverage will end as indicated under the provisions of the Plan.

- G. If continuation of coverage is elected, the Board is required to provide coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. The law requires that qualified beneficiaries be afforded the opportunity to maintain continued coverage for up to 36 months unless they lost group health coverage because of termination of employment in reduction in hours. In that case, the required continuation coverage period is 18 months. This 18 months may be extended for affected individual to 36 months from termination of employment if other events (such as death, divorce, legal separation, or Medicare entitlement) occur during that 18-month period.
- H. In no event will continuation coverage last beyond 36 months from the date of the event that originally made a qualified beneficiary eligible to elect coverage. The 18 months may be extended to 29 months if a qualified beneficiary is determined to be disabled under the Social Security Act at any time during the first 60 days of COBRA coverage. The 11-month extension is available to all individuals who are qualified beneficiaries due to the termination or reduction in hours of employment. To benefit from this extension, a qualified beneficiary must notify the Board of that determination within 60 days and before the end of the original 18-month period. The affected individual must also notify the Board with 30 days of any final determination that the individual is no longer disabled.
- I. However, the law also provides that continuation coverage may be cut short for *any* of the following reasons:
1. The Board no longer provides group health coverage to any of its employees;
  2. The premium for continuation coverage is not paid on time;
  3. The qualified beneficiary becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition he or she may have.
  4. The qualified beneficiary entitled to Medicare;
  5. The qualified beneficiary extends coverage for up to 29 months due to disability and there has been a final determination that the individual is no longer disabled.
- J. Individuals do not have to show that they are insurable to choose continuation coverage. However, continuation coverage under COBRA is provided subject to continued eligibility for coverage; the Board reserves the right to terminate your COBRA coverage retroactively if you are determined to be ineligible.
- K. Under the law, individuals continuing coverage may have to pay all or part of the premium for continuation of coverage. There is a grace period of at least 30 days for payment of the regularly scheduled premium.

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