

## **COBRA (Consolidated Omnibus Budget Reconciliation Act)**

On April 17, 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 notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. Both you and your spouse, if any, should take the time to read this notice carefully and retain it for future reference.

If you are an employee of San Joaquin County covered by San Joaquin County group coverage, you have the right to choose continuation coverage at group rates if you lose your group health coverage because of a reduction in hours or the termination of employment (for reasons other than gross misconduct on your part).

**If you are the spouse of an employee covered by San Joaquin County group coverage, you have the right to choose continuation coverage for yourself if you lose group health coverage under the plan in which you are enrolled for *any* of the following reasons:**

- The death of your spouse,
- A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
- Divorce or legal separation from your spouse; or
- Your spouse becomes entitled to Medicare.

**In the case of a dependent child of an employee covered by San Joaquin County group coverage, he or she has the right to continuation coverage if group health coverage under San Joaquin County group coverage is lost for *any* of the following reasons:**

- The death of the employee,
- A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment with San Joaquin County;
- The employee's divorce or legal separation;
- The employee becomes entitled to Medicare; or
- The dependent child ceases to be a "dependent child" under San Joaquin County group coverage.

### **To Preserve Continuation Coverage Rights:**

Under the law, to preserve continuation coverage rights, the employee or family member must inform San Joaquin County Human Resources of a

divorce, legal separation, or a child losing dependent status under San Joaquin County within 60 days of the date of the event or the date in which coverage would end under the plan because of the event.

When San Joaquin County Human Resources is notified that one of these events has happened, the Benefits Unit will notify you that you have the right to choose continuation coverage. Under the law, you have 60 days from the date you would lose coverage because of one of the events described above to return your COBRA Election form to the Third Party COBRA Administrator. If you do not choose continuation coverage on a timely basis, your rights to continue your group health coverage will end.

**If you Choose Continuation Coverage:**

If you choose continuation coverage, San Joaquin County is required to give you coverage which is the same as when the employee was active (for employee and dependents). The law requires that you be afforded the opportunity to maintain continuation coverage for 36 months unless you lost group health coverage because of a termination of employment or reduction in hours. In that case, the required continuation coverage period is 18 months. The 18 months may be extended for affected individuals to 36 months from termination of employment if other events (such as a death, divorce or legal separation) occur during that 18-month period. 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 by the Social Security Administration to be disabled (for Social Security disability purposes) at any time during the first 60 days of COBRA coverage. This 11-month extension is available to all individuals who are qualified beneficiaries due to a termination or reduction in hours of employment. To benefit from this extension, a qualified beneficiary must notify the Third-Party COBRA Administrator of that determination within 60 days and before the end of the original 18-month period. The affected individual must also notify the Third Party COBRA administrator within 30 days of any final determination that the individual is no longer disabled.

A child who is born to or placed for adoption with the covered employee during a period of COBRA coverage will be eligible to become a qualified beneficiary. In accordance with the terms of San Joaquin County group coverage and the requirements of Federal law, these qualified beneficiaries can be added to COBRA coverage upon proper notification to the Third-Party COBRA Administrator of the birth or adoption. The COBRA Administrator is Managed Benefit Administrators.

**Early COBRA Termination:**

The law provides that continuation coverage may be cut short for *any* of the following reasons:

- San Joaquin County no longer provides group health coverage to any of its employees;
- The premium for continuation coverage is not paid on time;
- 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;
- The qualified beneficiary becomes entitled to Medicare; or
- 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.

**Pre-existing Condition:**

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) restricts the extent to which group health plans may impose pre-existing condition limitations. These rules are generally effective for plan years beginning after June 30, 1997. HIPAA coordinates COBRA's other coverage cut-off rule with these new limits as follows:

If you become covered by another group health plan, and that plan contains a pre-existing condition limitation that affects you, your COBRA coverage cannot be terminated (until you reach the maximum coverage period). However, if the other plan's pre-existing condition rule does not apply to you by reason of HIPAA's restrictions on pre-existing condition clauses, the San Joaquin County group plan may terminate your COBRA coverage.

You do not have to show that you are insurable to choose continuation coverage. However, continuation coverage under COBRA is provided subject to your eligibility for coverage; the San Joaquin County Plan Administrator reserves the right to terminate your COBRA coverage retroactively if you are determined to be ineligible.

**Premiums:**

Under the law, you have to pay the entire premium for your continuation coverage. There is a grace period of 30 days for payment of the regularly scheduled premium. At the end of the 18, 29 or 36-month continuation coverage period, qualified beneficiaries may be allowed to enroll in an individual conversion health plan if one is provided by the plan in which they are enrolled.

If you have any questions about COBRA, please contact the Benefits Unit at (209) 468-3279 or 468-3379.