

CONTINUATION OF COVERAGE (COBRA vs. State Continuation of Coverage)

Kaiser Permanente is providing this summary information regarding COBRA and State Continuation as a courtesy. Kaiser Permanente does not administer or interpret these laws and is not responsible for errors or omissions in this summary document. Please contact the agencies that are responsible for the interpretation and enforcement of these laws. For further information, and/or to find out about any recent changes regarding continuation of coverage for the private sector, you may contact:

U.S. Department of Labor
Pensions and Welfare Benefits Administration
Division of Technical Assistance and Inquiries
200 Constitution Avenue, N.C. (Room N-5658)
Washington, D.C. 20210

For information regarding continuation of coverage for public employees, contact:

U.S. Public Health Service
Office of the Assistant Secretary for Health
Grants Policy Branch (COBRA)
5600 Fishers Lane (Room A-45)
Rockville, Maryland 20857

Local Contacts:

Division of Insurance
1560 Broadway
Denver, CO 80218
Inquiries: 303-894-7490

Mountain States Employers Council
1790 Logan Street
Denver, CO 80218
Inquiries: 303-839-5177

**CONTINUATION OF COVERAGE
EMPLOYER GROUPS ARE GOVERNED BY EITHER COBRA OR
STATE CONTINUATION OF COVERAGE RULES**

COBRA

Federal Law

Employer groups with 20 or more employees
(full and part time)

Church groups and government employees are exempt from COBRA; Federal employees have Temporary Continuation Coverage (TCC) – refer to Feds EOC

Any subscriber or dependent is eligible who has been covered under the group contract or its predecessor contract for one or more days

COBRA participant must pay 100% of group premium + a 2% administrative fee may be added to the Dues, or up to an additional 50% may be added to the Dues for a COBRA participant during any disability extension of the COBRA eligibility period.

QUALIFYING EVENTS:

Termination or voluntary termination of employment (except for gross misconduct) or reduction of working hours of subscriber to part-time status 18 months

Death of subscriber, dependents can continue for 36 months

Dissolution of marriage or legal separation of subscriber from subscriber's spouse, dependents can continue 36 months

Dependent child ceases to be a dependent child under the requirements of this Agreement: 36 months

Subscriber becomes entitled to Medicare; dependants can continue 36 months

**STATE CONTINUATION OF
COVERAGE**

State Law

All employer groups

Includes church groups and employees terminated for gross misconduct or any reason other than termination of the group contract

Any subscriber or dependent is eligible who has been covered continuously under the group contract or its predecessor contract for a minimum of 6 months

Continuee must pay 100% of group premium

QUALIFYING EVENTS:

Termination of employment, voluntary termination, layoff, or reduction of working hours of subscriber to part-time status of employment due to economic conditions 18 months

Death of subscriber, dependents can continue for: 18 months

Dissolution of marriage or legal separation of subscriber from subscriber's spouse; dependent: 18 months

Dependent child ceases to be a dependent under the requirement of this Agreement : 18 months

Not applicable to persons covered by Medicare or Medicaid.

A determination of disability of a qualified COBRA beneficiary under the Social Security Act prior to termination or reduction of hours (other than for gross misconduct) or within the initial sixty (60) days of COBRA coverage:
29 months

USERRA (Military Leaves):
24 months

COBRA

ADMINISTRATION:

Employer or a third party administrator administers plan. It is the employer's responsibility to notify subscriber and dependents of COBRA coverage option

Employer is responsible to notify Kaiser Permanente of employees or dependents who have elected COBRA. Continuee will be billed on group bill. Employer is responsible for collecting the premium; 2% (or 50% for disability extension) may be added by employer for administration costs. If the COBRA is billed by the group, it is their responsibility to bill the additional 2% or 50% for administration costs.

Current Kaiser Permanente practice is to not directly bill COBRA participants for small groups

A qualified beneficiary must pay current Dues for COBRA coverage no later than 45-days after the beneficiary's election to continue coverage. After the initial 45 day period, payment due dates are determined by the employer, employee must pay within 30 days of established due date.

Employer notification: Employer has 14 days following date of termination to notify employee of continuation rights.

Employee has 60 days to elect or waive COBRA coverage from date of termination or date of notification by employer.

It is the employer's responsibility to notify continuee of benefit or premium changes.

Kaiser Permanente will set up a separate COBRA group for employers with over 100 (eligibles/employees/COBRA members)

STATE CONTINUATION OF COVERAGE

ADMINISTRATION:

Responsibility of employer (or a third party administrator) to administer and notify former employee and dependents of state continuation of coverage. (It is the employer's responsibility to notify dependents of State Continuation of coverage).

Employer is responsible to notify Kaiser Permanente of employees or dependents who have elected continuation of coverage. Continuee will be billed on group bill. Employer is responsible for collecting premium and remitting to Kaiser Permanente.

Kaiser Permanente does not bill continuees for small groups. Some groups are grandfathered.

A qualified beneficiary must pay current premiums for continuation of coverage no later than 30 days from the date of termination. After the initial 30 day period, payment due dates are determined by employer.

Employer notification: Employer has 10 days following date of termination to notify employee of continuation rights.

Employee has 30 days to elect and pay for continuation of coverage; the employee has 60 days to elect coverage if employer did not give proper notification.

It is the employer's responsibility to notify continuee of benefit or premium changes.

SAMPLE LETTER

Dear Employee,

If you choose Continuation of Coverage or COBRA, you will be required to pay the full monthly premium beginning when your group coverage ends.

_____ :Subscriber
_____ :Subscriber & Spouse
_____ :Subscriber & Child(ren)
_____ :Subscriber, Spouse & Child(ren)

Checks or money orders should be made payable to (the name of your organization) and sent by (specific date). Payment amounts are subject to change to reflect the current cost of continuing your benefit coverage. If payment is not received by (indicate due date), your continuation of coverage will be terminated. Your continuation should be cancelled when other group coverage becomes available to you.

Another option available to you is to select an individual plan, called the "Conversion Plan," effective when your group coverage ends. There can be no lapse in health care coverage when you choose the Conversion Plan. In the Conversion Plan, there are copayments for office visits and hospitalization. Further information about the CONVERSION PLAN is available by calling the Kaiser Permanente Member Services at (303) 338-3800. If you select the conversion plan coverage, you will no longer be able to choose continuation of coverage as outlined in this packet. If you have any questions regarding continuation of coverage, please contact me at (your number).

Sincerely,

(Your name)