

CITY OF NEW LONDON		
Consolidated Omnibus Budget Reconciliation Act (COBRA) Policy		
Issue Date: Nov. 11, 2008	Revision Update(s):	Total Pages: 5
Policy Source: Cities and Villages Mutual Insurance Company		
Special Instructions: Revise as Federal Law changes, if insurance coverage changes or if there is a change in insurance related duties of City personnel.		

I. PURPOSE

The purpose of this policy is to establish a policy that governs the continuation of health insurance benefits, pursuant to The Consolidated Omnibus Budget Reconciliation Act (COBRA).

II. POLICY

COBRA gives employees and their families who lose health benefits the right to choose to continue group health benefits provided by the City’s group health plan for a temporary extension of coverage at group rates under certain circumstances where coverage under the plan would otherwise end because of certain qualifying events. Qualified individuals may be required to pay the entire group rate premium plus a surcharge of up to 2 percent to cover administrative costs.

City of New London employees and their dependents will be notified of their right to extend health plan coverage at the time they become plan participants (referred to as the “general notice” of COBRA rights, which must be furnished within 90 days after the employee or spouse first become covered under the plan) *and* anytime a qualifying event occurs (referred to as the “election notice”). Normally employees will receive the general notice upon hire, the election notice at the time of severance from city employment. Upon notification of other qualifying events the employee, their spouse or dependents will also be sent an election notice.

A. General Notice

A copy of the General Notice is included as Appendix A.

The required continuation coverage may be terminated by the City if the individual fails to make the required payments, becomes enrolled in another health plan that does not contain any exclusion or limitation regarding a pre-existing condition, becomes entitled to Medicare, or if the City’s group health plan is terminated.

B. COBRA Continuation Coverage

COBRA continuation coverage is a continuation of health insurance plan coverage when coverage would otherwise end because of a “qualifying” life event. COBRA continuation coverage must be offered to each person who is a qualified beneficiary after a qualifying event. A City employee, their spouse or dependent children could become qualified beneficiaries if coverage under the plan is lost due to a qualifying event. Under the City’s health insurance plan, qualified beneficiaries who elect COBRA continuation coverage are

required to pay for the coverage. Current premiums plus a surcharge are included in the election notice.

1. Length of Coverage

Event	Employee	Spouse	Child
An employee's employment ends for any reason other than gross misconduct.	18 months	18 months	18 months
An employee's regularly scheduled work hours are reduced, making the employee ineligible for coverage.	18 months	18 months	18 months
An employee becomes divorced or legally separated.	N/A	36 months	36 months
An employee's child no longer meets the eligibility requirements.	N/A	N/A	36 months
An employee dies.	N/A	36 months	36 months
An employee becomes eligible for Medicare.	N/A	36 months	36 months
An employee or their dependents are deemed disabled (by the Social Security Administration) on the date the employee's coverage ends.	29 months	29 months	29 months

a. COBRA continuation coverage for an employee's beneficiaries lasts for up to a total of 36 months after the date of Medicare entitlement when the qualifying event is the end of the employee's employment or a reduction of their hours, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event.

b. COBRA Coverage Extensions of 18-Month Period

1. Disability extension

If an employee or an employee's family member are determined by the Social Security Administration to be disabled and the plan administrator is notified in a timely fashion, the employee and their family may be entitled to receive up to an additional 11 months of COBRA coverage, for a maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18 month period of continuation coverage. Affected employees should contact the Payroll/HR specialist for information on how to notify us if this is the case and what information is required.

2. Second qualifying event extension

a. If an employee's family member experiences another qualifying event while receiving 18 months of COBRA coverage, the spouse and dependent children of the employee can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the plan within 60 days.

b. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies,

becomes entitled to Medicare benefits (under Part A, Part B or both) or gets divorced or legally separated, or if the dependent child stops being eligible under the plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the plan had the first qualifying event not occurred.

C. Qualified Beneficiaries

1. **City employees** will become a qualified beneficiary if their coverage is lost under the plan, due to (1) their hours of employment are reduced; or (2) employment is terminated for any reason other than gross misconduct.
2. **Spouses** of City employees will become a qualified beneficiary if their coverage is lost under the plan, due to (1) their spouse dies; (2) their spouse's hours of employment are reduced; (3) their spouse's employment is terminated for any reason other than gross misconduct; (4) their spouse become entitled to Medicare benefits (under Part A, Part B, or both); or (5) they become divorced or legally separated from their spouse.
3. **Dependent children** will become qualified beneficiaries if their coverage is lost under the plan, due to (1) the parent-employee dies; (2) the parent-employee's hours of employment are reduced; (3) the parent-employee's employment is terminated for any reason other than gross misconduct; (4) the parent-employee becomes entitled to Medicare benefits (Part A, Part B or both); (5) the parents become divorced or legally separated; or (6) the child stops being eligible for coverage under the plan as a "dependent child".
4. At times filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the City/Village, and that bankruptcy results in the loss of coverage of any retired employee covered under the plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the plan.

D. Notification of Qualifying Event

1. COBRA continuation coverage will be offered to qualified beneficiaries only after the health insurance plan administrator has been notified that a qualifying event has occurred.
2. When the qualifying event is one of the following, the City must notify the health insurance plan administrator of the qualifying event:
 - a. The end of employment or reduction of hours of an employee;
 - b. The death of the employee;
 - c. Commencement of a proceeding in bankruptcy with respect to the City or
 - d. An employee becomes entitled to Medicare benefits (under Part A, Part B, or both).
3. When the qualifying event is one of the following, the City employee must notify the health insurance plan administrator or the Payroll/HR specialist in most cases within 60 days of the qualifying event. The Employee benefits manual containing a description of the Health Insurance program contains contact information for the plan including a designated cobra administrator.
 - a. Divorce or legal separation of the employee and spouse.
 - b. A dependent child's losing eligibility for coverage as a dependent child;

- c. Disability.

E. Providing COBRA Coverage

1. When the plan administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect coverage on behalf of their children.
2. The election notice is contained in Appendix B. Parts of this notice refer to premiums and other time sensitive data and are to be filed out or may be altered at the time the notice is sent to a person having a qualifying event.

F. Premium Payments

1. Qualified beneficiaries are allowed to make premium payments on a monthly basis.
2. Upon election of coverage, beneficiaries have 45 days to pay the first premium, from the date of election. After that, premiums must be paid within 30 days of its due dates.

G. Inability for COBRA Coverage and Termination Notices

1. An employee terminated for gross misconduct or other reason that deems him/her ineligible for COBRA continuation coverage will be provided notice of that **14 days** after the plan administrator receives notice of the qualifying event, as well as any other qualified beneficiaries who've attempted to elect coverage. If the City is the plan administrator, notice will be provided **44 days** after receipt of notice.
2. If COBRA coverage is terminated prior to the expiration of the maximum period of continuation coverage, notice will be provided as soon as possible after the termination of the coverage is determined by the administrator. Such notice will contain the following information: why the continuation coverage is being terminated, the effective date of the termination, and any right the qualified beneficiary has under the plan or law to elect alternative group or individual coverage.
 - a. COBRA coverage may be terminated prior to the expiration of the maximum period of continuation coverage in the following circumstances:
 1. If the City ceases to provide any group plan to any employee (including a successor plan).
 2. If the qualified beneficiaries obtain other group health insurance, voluntarily terminate coverage, enroll in Medicare or fail to make premium payments on time *If all but an insignificant portion of a COBRA premium is received, coverage must be continued and notice must be provided to the beneficiary that the premium was short, and a reasonable period of time must be allowed to make up the difference.*
 3. Coverage may be terminated for the same reasons coverage of comparable non-COBRA beneficiaries are terminated (i.e. fraudulent claims).

H. Address Changes and Health Plan Contact Information

1. In order to protect an employee's family's rights, the Plan Administrator should be kept informed of any address changes of family members. An employee should also keep a copy, for their records, of any notices sent to the Plan Administrator.

2. Information regarding the City's health plan and COBRA continuation coverage may be obtained upon request from the payroll/HR specialist. or the Plan Administrator.

I. Additional Questions

1. Any additional questions regarding the City's insurance plan or COBRA continuation coverage rights should be addressed to the Plan Administrator, or the Payroll/HR specialist.
2. For more information regarding employee's rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA):

Detroit

211 West Fort Street
Suite 1310
Detroit, MI 48226-3211
Supervisor (vacant)
Phone 313-226-7450
Fax 313-226-4257

St. Louis

Young Federal Building
1222 Spruce Street, Room 6.310
St. Louis, MO 63103
Gary Newman – Supervisor
Phone 314-539-2693
Fax 314-539-2697

Appendices A & B are saved under separate files.