

## COBRA ELECTION NOTICE

Date of Notification: [Current Date]

[Sam and Lisa Johnson, and All Covered Dependents (if any)]  
[Current Mailing Address]  
[City, State Zip Code]

### **RE: NOTICE OF RIGHT TO ELECT COBRA CONTINUATION COVERAGE**

It is important that all covered individuals read this notice. Notification to the covered spouse or domestic partner is deemed notification to any covered dependent children living at the same address (including any dependent children covered in the future). In addition, if there is a covered dependent not living at the above address, please provide the Personnel Office with the appropriate address in order that a notice can be sent to him/her as well. This notice also provides important information on other health coverage alternatives that may be available to you through the Health Insurance Market.

#### **Loss of Group Coverage(s) and Qualifying Event**

Effective on [Date Coverage(s) Cease], you will no longer be covered under the State-sponsored [Coverage Plan Name]. This means a claim for services occurring on or after this date will not be paid. Your loss of coverage is resulting from a [Event] on [Event Date]. Therefore, under provisions of the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), this constitutes a “qualifying event” which allows all covered individuals (also known as qualified beneficiaries) the right to continue coverage for a period of time after [Date Coverage Ceases] for [18 months or 36 months]. Your right to elect COBRA continuation coverage is detailed in this notice.

**An Election Form is enclosed and should be completed, signed and returned to the Personnel Office to verify that you have elected COBRA coverage. If the election form is not received or postmarked by the date reflected on page 2, then all rights to elect COBRA continuation coverage will end. No late elections will be accepted.**

#### **Individual Election Rights and Eligibility**

Each individual who was covered under the plan on the day before the event is a “qualified beneficiary” and has independent rights to elect COBRA continuation coverage for [18 months or 36 months]. An exception is a newborn or child placed for adoption can be added to COBRA coverage and will be deemed a qualified beneficiary, although not covered at the event date. Each covered individual can elect

independently to continue group coverage, even if the covered employee chooses not to continue coverage.

Each qualified beneficiary will have a maximum 60 day election period to elect COBRA continuation coverage. The plan or its designee reserves the right to verify eligibility status and terminate continuation coverage back to the original effective date, if it is later determined that you are ineligible.

## **Group Coverage is Available to Elect**

Our records indicate that each qualified beneficiary was covered by [Coverage Plan Name].

## **The Last Date to Elect COBRA Continuation Coverage**

[Last Date to Elect Coverage]

### **To elect:**

- Step 1 - Complete, sign, and date the enclosed election form.
- Step 2 - Make a copy of the signed election form for your records.
- Step 3 - Mail the Election Form back to [Department Name] at the address listed on the election form. While it is not required, it is recommended that you obtain proof from the Post Office that the election form was mailed. Your election is deemed made on the postmarked date the election form is returned to the department. If the election form is not received or postmarked by [Last Date to Elect Coverage], then all rights to elect COBRA continuation coverage will end. No late elections will be accepted.  
  
The above date is the maximum 60-day election period.
- Step 4 - You may want to call the Personnel Office at the phone number reflected on the last page to insure that the Election Form has been received.

## **No Coverage During COBRA Election Period**

You will not be covered under the plan(s) during the above election period. Any claim for services occurring on or after [Date Coverage Ceases] will not be paid. However, if your COBRA election is made as described above and retroactive premiums are paid as detailed on page 4, then your coverage(s) will be retroactive back to [Date Coverage Ceased] and any claim for services occurring on or after that date will be processed.

## **Length of COBRA Coverage - [18 months or 36 months]**

If COBRA is elected, each qualified beneficiary has the right to continue coverage for [18 months or 36 months] from the date coverage is lost. This means your COBRA coverage will be continued through [Last Date of COBRA Coverage]. The State does not offer any type of conversion plan after the [18 months or 36 months] COBRA coverage period expires. You should contact the plan directly regarding a possible individual conversion plan. Two situations, however, will extend COBRA coverage beyond the 18-month period only, if applicable.

**Social Security Disability** - The 18 months of continuation coverage can be extended for an additional 11 months of coverage to a maximum of 29 months, for all qualified beneficiaries if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act at any time during the first 60 days of continuation coverage. It is the qualified beneficiary's responsibility to obtain the disability determination from the Social Security Administration and provide a copy of the Social Security Disability determination to the plan within 60 days of the date of determination and before the original 18 months of COBRA coverage expires.

If the qualified beneficiary does not comply with these time frames, then the additional 11-month extension of COBRA coverage will not be provided. It is also the qualified beneficiaries responsibility to notify the plan within 30 days if a final determination has been made that they are no longer disabled.

**Secondary Events** - Another extension to the 18-month continuation period can occur, if during the 18 months of continuation coverage, a second event takes place (e.g., divorce, termination of domestic partnership, legal separation, death, or child ceases to be a dependent (e.g., child turns age 26)). If a second event occurs, then the 18 months of continuation coverage will be extended to 36 months from the date of the original loss of coverage for eligible dependent qualified beneficiaries (for a spouse, domestic partner, or dependent child).

## **Notification Responsibilities for the Employee, Spouse, Domestic Partner, and Dependent Children**

If a second event occurs, it is the qualified beneficiary's responsibility to notify the plan in writing within 60 days of the second event and within the original 18-month COBRA period. In no event, however, will continuation coverage last beyond three years (36 months) from the original date of loss of coverage.

**Note:** It is also the COBRA enrollees responsibility to notify the plan or its designee when a family status change has occurred (e.g., divorce, termination of domestic partnership, legal separation, or child ceases to be a dependent).

## **Special Medicare Entitlement Rule for Dependents Only**

If an employee becomes entitled to Medicare benefits prior to the date of an 18-month qualifying event, then his/her dependents is eligible for 18 months of COBRA continuation coverage, or 36 months measured from the date of the Medicare entitlement, whichever is greater.

Example: If an employee becomes entitled to Medicare seven (7) months prior to termination of employment, then the dependents will be offered 29 months of continuation coverage. The employee is only offered 18 months.

If you meet this criterion, then contact the Personnel Office immediately at the phone number listed on the last page so that the correct length of COBRA coverage can be offered.

## **Extension of the Minimum COBRA Coverage Period - AB 1401**

Under this California Law, employer-sponsored medical plans must allow an extension to COBRA coverage for an enrollee who has exhausted their initial 18 month continuation coverage period for up to 36 months from the date that coverage began. This provision will only apply to continuation of medical insurance COBRA coverage. In no event will continuation coverage last beyond three years (36 months) from the original date of loss of coverage. Premiums for extended coverage for former employees beyond the initial 18 months will be calculated at 110% of the State's group coverage premium rate and will continue to be paid monthly directly to the plan or its designee.

## **COBRA Premiums**

If COBRA is elected, the total cost for the insurance will be 100% of the total premium, plus a 2% administration fee as reflected below. The enrollee pays this premium monthly to the plan or its designee. The plan or its designee is not required to send a monthly bill. Your department is not required to pay a share of the COBRA premium. The applicable monthly premium amount to continue your dental coverage is \$[Amount of Premium]. The applicable monthly premium to continue your vision coverage is \$[Amount of Premium]. If there is a change in future premium rates, then you will be notified prior to the new premiums going into effect.

There may be other coverage options available for you and your family starting in 2014. When key parts of the health care law take effect, you will be able to buy coverage through the Health Insurance Marketplace. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums right away, and you can see what your premiums, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

For the California Marketplace, please refer to the Covered California website at: <http://www.coveredca.com/> or contact Covered California at 1-888-975-1142 .

## Retroactive Premiums

If you elect COBRA, you will have a maximum of 45 calendar days from the date of election to pay any retroactive premiums to the plan or its designee. This premium payment is for the coverage period from the date of loss of coverage to the date of election. All claims occurring during the months of retroactivity will be held pending premium payment being made.

## Future Monthly Premium

Once your retroactive premium is paid, future monthly premiums will be due by the first of each following month. While due on the first, you will have a maximum 30-day grace period following the due date in which to make these premium payments. Any claims occurring during the grace period will be held pending payment being made. If applicable payment is not made within the grace period, then coverage will be cancelled back to the end of the prior month in which a premium payment had been made. Once COBRA coverage is cancelled you will not be reinstated. It is the qualified beneficiary's responsibility to ensure that these monthly premiums are paid.

Monthly premiums will be adjusted in the future if the applicable premiums change. If so, you will be notified prior to the new premiums going into effect. If coverage is extended to 29 months due to Social Security disability, premiums will be 150% of the applicable premium during the extended 11-month coverage period.

## Partial Premium Payment Not Significantly Less

If the plan receives a partial monthly premium that is not significantly less than the premium due, then the plan or its designee will notify the enrollee of the amount of the deficiency and allow a 30-day period for payment of the deficiency amount. All claims occurring during the month will be held pending receipt of the deficiency amount.

An amount is not significantly less, if the deficit is not greater than the lesser of the following two amounts:

(1) Fifty dollars (\$50) or (2) 10 percent (10%) of the amount due

Example: The amount due is \$250 per month. The plan receives a COBRA payment of \$230. The payment is \$20 less than the premium due.

Result: Since the deficit (\$20) is less than \$50 or 10% of the amount due (\$25), then the payment (\$230) is not significantly less and the enrollee will be given a 30-day period for payment of the deficiency amount.

## Health Insurance Premium Payment (HIPP) Program

### For Persons Eligible for Medi-Cal

The Health Insurance Premium Payment (HIPP) Program may pay COBRA premiums for persons eligible for Medi-Cal. You may e-mail your questions to the Department of Health Care Services at: [www.HIPP@dhs.ca.gov](mailto:www.HIPP@dhs.ca.gov).

### For Persons Disabled by HIV/AIDS

Under the Comprehensive AIDS Resources Emergency (CARE) Act of 1990, the Health Insurance Premium Payment (HIPP) Program may pay COBRA premiums for persons unable to work because of a disability due to HIV/AIDS. You may e-mail your questions to the Department of Health Care Services at: [www.HIPP@dhs.ca.gov](mailto:www.HIPP@dhs.ca.gov).

## Trade Adjustment Assistance (TAA) Program

The Trade Adjustment Assistance (TAA) Program is a federal program. The TAA Program provides aid to workers who lose their employment or whose hours of work and wages are reduced as a result of increased imports or shifts in production out of the United States. Under provisions of the TAA Program, an eligible individual can receive a health coverage tax credit (HCTC) or advance payment for 80% of the applicable monthly premium to pay for COBRA continuation coverage. A special second COBRA election period is also available to eligible individuals. This aid will only apply to COBRA premiums to pay for medical insurance. For more information contact the Health Care Tax Credit Customer Contact Center at toll-free 1-866-628-4282 (TTD/TTY callers may call toll-free at 1-866-626-4282).

## Alternative Trade Adjustment Assistance (ATAA) Program

The Alternative Trade Adjustment Assistance (ATAA) Program is a federal program. The ATAA Program provides aid to workers age 50 or older who lose their employment as a result of increased imports or shifts in production out of the United States and retraining may not be suitable. Under provisions of the ATAA Program, an eligible individual can receive a health coverage tax credit (HCTC) or advance payment for 80% of the applicable monthly premium to pay for COBRA continuation coverage. A special second COBRA election period is also available to eligible individuals. This aid will only apply to COBRA premiums to pay for medical insurance. For more information contact the Health Care Tax Credit Customer Contact Center at toll-free 1-866-628-4282 (TTD/TTY callers may call toll-free at 1-866-626-4282).

## Open Enrollment Period

If you elect COBRA, you will have the right to make allowable changes to your coverage during the annual dental open enrollment period. Specific instructions will be sent to you prior to the beginning of the open enrollment period.

## **Loss of COBRA Continuation Coverage**

COBRA continuation coverage will cease for a COBRA enrollee if one of the events listed below occurs prior to the expiration of the 18 or 36 month COBRA period:

1. Employer ceases to provide group coverage plans;
2. Failure to pay timely required premiums;
3. A qualified beneficiary becomes covered under another employer's group plan that does not contain any exclusion or limitation with respect to any preexisting health condition (*note; there are limitations on plans' imposing a preexisting condition exclusion and such exclusions will become prohibited beginning in 2014 under the Affordable Care Act*);
4. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security approved disability and a final determination has been made that the qualified beneficiary is no longer disabled;
5. A qualified beneficiary notifies the plan they wish to cancel continuation coverage;
6. A qualified beneficiary becomes covered under Medicare while enrolled in continuation coverage; or
7. For cause, on the same basis that the plan terminates the coverage of similarly situated non-COBRA participants.

**Note: All termination of COBRA coverage notices will be provided by the plan.**

The State does not offer any type of conversion plan after the 18 or 36 month COBRA coverage period expires. The enrollee should contact the plan for information about an individual conversion plan.

If any covered individual has questions regarding this notice of your rights to elect COBRA continuation coverage or you want to report a change in address, please contact the Personnel Office at [Phone Number, Address, and Name of Department Representative] for assistance. If you elect COBRA, it is important to keep your plan informed of a change in address.