

CONTINUATION OF HEALTH BENEFITS

COBRA LAW

In 1985, Congress passed the Consolidated Omnibus Budget Reconciliation Act (COBRA) to address the issue of continuation of health insurance for employees and/or dependents in situations where coverage would have been terminated. In essence, if you or any dependents lose health, dental or health FSA insurance coverage under your (New Castle County) group health plan as a result of a “qualifying event” you will be given the opportunity to continue the lost coverage, at your own expense, for a specific period of time.

QUALIFYING EVENTS:

- employee termination (except for gross misconduct) or reduction in work hours so as to disqualify the employee from coverage.
- a dependent child of the employee ceasing to meet the definition of dependent.
- divorce or legal separation in which a spouse loses coverage.
- death of a covered employee such that the dependents lose coverage.
- the employee becoming entitled to Medicare benefits such that the dependents lose coverage.

In general, health coverage may be continued for 36 months, except for such events as termination of employment which permits an 18-month continuation. There is, however, a special rule that applies to employees with disabilities as defined under Social Security that extends that 18-month period to 29 months.

If you and your spouse or dependent child(ren), if any, elect health FSA coverage, it will last until the end of the FSA plan year in which the qualifying event occurred.

The cost to the employee to continue coverage under COBRA is the premium price of the program plus an additional 2% to cover the administrative costs (50% for individuals with disabilities to extend coverage from the 18th to the 29th month).

Since the qualifying event may give COBRA continuation rights to an employee, spouse, or dependent child, the decision to continue coverage may be made separately by each affected individual, as well as electing the subscriber/child or family plans.

The employer is required to make a reasonable attempt to give notice to employees of their COBRA rights on the occurrence of a qualifying event, except in those instances where the event is employee driven such as divorce, separation, eligibility for social security disability, dependents reaching age limitations or a change in student status. In these cases, the employee has the burden of notifying the employer within thirty (30) days. An employee or eligible beneficiary has sixty (60) days to elect COBRA coverage after being notified by the employer of the discontinuation. If COBRA is elected, it will be made retroactive to the date coverage was lost and back charges will be required. **Failure to notify New Castle County of these events in the time period allotted will result in the participant to forfeit their rights to coverage.**

While imposing the 18 and 36 month time limitations on continued coverage, COBRA rights cease when the qualifying beneficiary:

- becomes covered (not just eligible) under another group health plan that does not exclude pre-existing conditions for that beneficiary.
- discontinues the required premium payments.
- is no longer determined by Social Security to be disabled.
- becomes entitled to his/her own Medicare benefits.

Questions concerning the information outlined above can be directed to Vicki Workinger, Human Resources Assistant, at 395-5607.