

# General Notification of Group Health Continuation Coverage Under COBRA

## Part 1 of 2

In 1986, Congress passed the Consolidated Omnibus Budget Reconciliation Act, or more commonly known as 'COBRA'. This Act requires that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation of coverage"), at group rates in certain instances where coverage under the Plan would otherwise terminate. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation of coverage provisions of the law. (You, your spouse and covered adult dependents should take the time to read this notice carefully.)

If you are an employee of a School District participating in the Orange Ulster School Districts Health Plan (OUSDHP), you have a right to choose this continuation of coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

Upon losing coverage, the spouse of a covered employee has the right to choose "COBRA" for any of the following four "Qualifying Events":

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

*Note: Filing a proceeding in bankruptcy, under Title II of the US Code, may be a Qualifying Event, but is not applicable to the Orange Ulster School Districts Health Plan.*

In the case of a covered dependent child of an employee, he or she has the right to continuation of coverage if group health coverage under the Plan is lost for any of the following five "Qualifying Events":

- (1) The death of the employee;
- (2) A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment with the School District;
- (3) The employee's divorce or legal separation;
- (4) The employee becomes entitled to Medicare (Part A, Part B or both); or
- (5) The dependent child ceases to be a "dependent child" as defined by the Plan. (Including discontinuation of full-time student status after age 19.)

THE EMPLOYEE, COVERED RETIREE OR FAMILY MEMBER HAS THE RESPONSIBILITY TO INFORM THE EMPLOYER SCHOOL DISTRICT of a divorce, legal separation, death, early Medicare entitlement of a retiree, or a child losing dependent status (including student extension) under the Plan, or any loss of coverage event the employer would not be aware of

Your school district has the responsibility to notify the Plan of the employee's termination, reduction in hours of employment or Medicare entitlement.

**If you do not choose continuation of coverage on a timely basis, your group health insurance coverage, through the Health Plan, will end.**

If you, as an employee of a participating School District, choose continuation of coverage timely, the law requires that you be afforded the opportunity to maintain COBRA 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 of coverage period is 18 months. This 18 months may be extended for effected individuals to 36 months from termination of employment if other events (such as a death, divorce, legal separation, or Medicare entitlement) occur during that 18-month period.

*This General Notice is in two parts, and provides a Summary of your COBRA Rights. Other COBRA provisions dealing with employer bankruptcy and/or job loss due to foreign out-placement have not been included as they do not apply to OUSDH Plan Members. The Plan's Continuation of Coverage (COBRA) provisions are available in their entirety in the Health Plan's "Certificate of Coverage".*

*This newsletter, Summary Plan Descriptions (SPD) and all other bulletins, posters, notices, or "flyers" are informational communications only, and cannot be used as Plan Provisions. The Plan Certificate of Coverage No. 6198OU-11-99 (as amended and approved by the NY State Insurance Department) is the only document upon which benefits are provided. You are entitled to review and obtain a copy of the Plan Certificate of Coverage from your Local School Districts Health Plan Administrator, or through the Member Document Portal of the INDECS Connection MediWeb at [www.indecscorp.com](http://www.indecscorp.com).*

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**W**hen an 18 month continuation experiences a second Qualifying Event, the maximum period can be extended to 36 months, provided that proper notice of the second Qualifying Event is given to the Plan. The continuation of coverage will not last beyond 36 months from the date of the Qualifying Event that originally made a qualified beneficiary eligible to elect coverage.

**DISABILITY CONTINUATION:** The 18 month continuation of coverage may be extended to 29 months if a qualified beneficiary is determined by the Social Security Administration (SSA) 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 family members 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 Plan Administrator of the SSA determination within 60 days and before the end of the original 18-month period and must last at least until the end of the 18-month period of continuation of coverage. The affected individual must also notify their school district within 30 days of any final determination that the individual is no longer disabled.

**DEPENDENT CHILDREN:** A child 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 the Health Plan, and the requirements of federal law, these qualified beneficiaries can be added to COBRA coverage upon proper notification of the birth or adoption, to the employee's prior employer school district.

**KEEP THE PLAN INFORMED OF ADDRESS CHANGES:** In order to protect your family's COBRA rights, you should keep your Local School District Health Plan Administrator (your employer, human resources or personnel office) informed of any changes in the addresses of family members. Perform all change transactions in writing, and keep a copy of any notices you send to the Plan Administrator.

**COBRA TERMINATION:** The law provides that continuation of coverage may be terminated for any of the following five reasons:

- (1) The employer no longer provides group health coverage to any of its employees;
- (2) The premium for continuation coverage is not paid on time;
- (3) The qualified beneficiary becomes covered -- after the date he or she elects COBRA coverage -- under another group health plan that does not contain any exclusion or limitations with respect to any pre-existing condition he or she may have;
- (4) The qualified beneficiary becomes entitled for Medicare -- after the date he or she elects COBRA coverage;
- (5) The qualified beneficiary extends coverage for up to 29 months due to disability and there has been a final social security determination that the individual is no longer disabled.

**MISCELLANEOUS "COBRA" PROVISIONS:** The Health Insurance Portability and Accountability Act (HIPAA) restricts the extent to which group health plans may impose pre-existing condition limitations. 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. 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 OUSDHP school district providing the original Plan may terminate your COBRA coverage.

COBRA is provided subject to your eligibility for coverage. The Health Plan, and your school district, reserve the right to terminate your COBRA coverage retroactively if you are determined to be ineligible. Under the law, you must pay 102% of the premium for your COBRA coverage. There is a grace period of 30 days for payment of your premiums.

**IF YOU HAVE QUESTIONS...** Questions concerning your Plan or your COBRA continuation of coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, the Health Plan and/or INDECS, and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

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