

COBRA

COBRA allows certain employees and dependents, who would otherwise lose health insurance coverage through their employer's plan, to temporarily continue their current coverage. Eligibility for continued coverage is governed by federal legislation, called the "Consolidated Omnibus Budget Reconciliation Act"(COBRA), and by Title X of North Carolina Public Law 99-272.

COBRA participants have identical coverage to that of active employees, as well as identical flexibility in regard to annual enrollment periods, coverage changes, rate adjustments, adding and/or deleting dependents, and terminations.

Each eligible employee or dependent has the right to make his or her own decision to elect or decline COBRA continuation coverage. If the former employee elects to continue coverage, the election is binding on all his or her dependents as well. However, if the former employee elects not to continue coverage, all of his or her dependents can make independent elections to continue coverage.

Depending on the qualifying event, eligible former employees and their dependents may continue coverage for 18 to 36 months. Employees may continue coverage for 18 months if their coverage is discontinued because of termination of employment, reduction in hours, or entering active military service.

Spouses may continue coverage for 36 months if their coverage is discontinued because of divorce or separation from the covered employee, the employee chooses Medicare as his or her primary insurer, or entering active military service.

Dependent children may continue coverage for 36 months if their group coverage is discontinued because of the covered parent's divorce or separation, the child ceases to be a "dependent child" (i.e. reaches age 19 and is not going to be a full-time student; reaches the maximum age of 26; or marries), the employee chooses Medicare as his or her primary insurer, or the dependent child enters active military service.

The UNCG health benefits representative (HBR) must notify the health plan's Claims Processing Contractor (CPC) within 30 days of an employee's loss of group coverage. This notification is made on the billing statement and must include the effective date and the reason for termination. Employees must notify their HBRs of changes in dependent status within 60 days of the change. Once changes are made to the CPC, the HBRs responsibility ends.

Within 14 days of receiving notification of cancellation of coverage, the CPC will mail participants information regarding their right to continue coverage. The former members have 60 days from the date of notification to make a decision to continue coverage, and are allowed an additional 45 days to remit the premium payment. After enrollment as a COBRA participant, the health insurance company will bill the participant directly each month. If a participant elects COBRA coverage, it will be canceled when any of the following situations occur:

- The continuation period is exhausted (the CPC will notify affected members within 45 days of the expiration date to advise them of their eligibility for conversion coverage).
- The participant becomes covered by another group health plan that does not contain limitations or waiting periods for pre-existing conditions.
- A disabled employee ceases to be disabled during his or her 19 to 29 month extension*.
- The premiums are not paid.
- The state of North Carolina no longer provides group coverage to any of its employees.
- The participant becomes eligible for Medicare.

Eligible former employees and their dependents must pay the full premium plus a 2% administrative fee* to continue coverage under COBRA.

The American Recovery and Reimbursement Act of 2009 (ARRA) contains provisions for a COBRA subsidy. Certain former employees and their dependents may be eligible for dramatically reduced premiums in the event of involuntarily termination (for reasons other than gross misconduct). For information on eligibility guidelines for the COBRA subsidy, please refer to the following website: <http://www.dol.gov/ebsa/cobra.html>

For further information, contact the appropriate health plan's Member Service Department, or the UNCG Benefits Office at 334-5009.

***Note:** Rates and regulations differ for disabled individuals. Contact your insurance plan's Member Service Department for full details.