COBRA Notice and Election

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985
(COBRA)

As Amended By:
THE HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT OF 1996
(HIPAA)

And As Amended By:
THE SMALL BUSINESS JOB PROTECTION ACT OF 1996
(SBJPA)

Qualified Employees: Employees of The Town of Northfield covered by a core coverage health insurance plan who lose coverage due to termination, resignation, reduction in hours, death, divorce, legal separation, or dependent "age out", are entitled to continued coverage under COBRA.

Duration: Coverage may be extended for varying periods up to 18 months[1], provided that the continuee bear the cost of this coverage.

Termination of Coverage: COBRA continuation coverage will terminate when any of several conditions are met.

COBRA continuation coverage terminates…

- … *at the expiration of the statutory period (normally 18 months).*
- … *legally by an employer who simultaneously terminates health insurance coverage for all employees.*
- … *the employer enters bankruptcy.*
- … *when the continuee becomes covered under another group insurance plan..*
- … *when a qualified beneficiary (not the employee) is entitled to* ***no more than*** *36 months of COBRA continuation coverage from the date the employee becomes eligible for Medicare, if the employee has a subsequent qualifying event, due to termination of employment or reduction in hours, which is less than 18 months after the date the employee became entitled to Medicare.*
- … ***on the employee's failure to pay the applicable premium when due.***

[1]Certain qualifying events or qualified beneficiaries may be able to extend coverage. The maximum continuation period, regardless of the number of qualifying events is 36 months.

COBRA Notice and Election

Notice: This document serves as notice to employees of COBRA continuation rights.

Premiums Charge: COBRA continuees may not be charged more than 102% of the employer's cost of coverage. For COBRA continuees covered due to disability entitlement under Social Security, charges may not exceed 150% of the employer's coverage cost (for months 19 through 29 only).

COBRA Price Increases: The uniform 12-month period to act as the "determining period" is November 1 - October 31. Price increases will be passed on to the continuee at the beginning of the determining period, even if the start of the period is inclusive in the period of benefit.

HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT OF 1996 *(HIPAA)*

On August 21, 1996, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") became law. HIPAA revised the health coverage continuation requirements under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). Section 421(e) of HIPAA requiring employers to notify each qualified beneficiary who has elected continuation coverage under COBRA of the changes to COBRA made by HIPAA. The changes are summarized below.

COBRA Continuation Period of 29 Months If Determined to be Disabled under the Social Security Act at Any Time During the First 60 Days of COBRA Continuation Coverage.

COBRA generally provides that qualified beneficiaries are entitled to continue coverage for up to 18 months after a termination or reduction in hours of employment, subject to timely premium payments. This 18-month period can be extended for an additional 11 months (for a total coverage continuation period of up to 29 months from the initial qualifying event) if an individual was determined under the Social Security Act to have been disabled at the time of the qualifying event, and if he or she notified the plan administrator of such disability determination within 60 days of the determination and before the end of the original 18-month period.

Beginning on January 1, 1997, the extended maximum COBRA period of 29 months will apply if a qualified beneficiary is determined to be disabled under the Social Security Act at any ***time during the first 60 days of COBRA continuation coverage.*** The disabled individual can be the former employee or any other qualified beneficiary. If

COBRA Notice and Election

the disabled individual is the former employee, the 29 month period would apply to both the disabled individual and all qualified beneficiaries.

Affected individuals must comply with the terms of the plan, including the notice requirements which require them to notify the employer within 60 days after the date of the determination of Social Security disability and before the end of the initial 18 month COBRA coverage period. COBRA entitlement will end when the disabled individual is no longer disabled. He or she must notify the employer within 30 days of the date of any final determination under the Social Security Act of cessation of disability.

Newborn or Adopted Child Entitled to COBRA Coverage as a Qualified Beneficiary

Individuals entitled to COBRA continuation coverage are called qualified beneficiaries. Individuals who may be qualified beneficiaries are the spouse and dependent children of a covered employee and, in certain cases, the covered employee. Under current law, in order to be a qualified beneficiary, an individual must generally be covered under a group health plan on the day before the event that causes a loss of coverage.

Under HIPAA, the law is changed so that a child who is born to, or who is placed for adoption with you (for whom you have financial responsibility) while your COBRA coverage is in effect may be added to coverage as a qualified beneficiary by giving proper notice to the employer, in accordance with the terms of the plan. Of course, adding a child to your coverage may cause an increase in your COBRA premiums.

A child born or placed for adoption with you while you are on COBRA will have the same COBRA rights as your spouse or dependents who were covered by the Plan before the event that triggered COBRA coverage. Like all qualified beneficiaries with COBRA coverage, their continued coverage depends on the timely and uninterrupted payment of premiums on their behalf and other terms of the Plan.

This change is effective January 1, 1997, regardless of whether the qualifying event occurred before, on, or after that date.

Pre-existing Conditions Exclusions

Under COBRA, your right to continue coverage terminates if you become covered by another employer's group health plan that does not limit or exclude coverage for your pre-existing conditions. If you become covered by another group health plan and that

COBRA Notice and Election

plan contains a pre-existing condition limitation that affects you, your COBRA continuation coverage cannot be terminated.

HIPAA limits the extent to which employers' group health plans can impose pre-existing condition exclusions. In general, the length of time that a health plan will be allowed to exclude coverage for pre-existing conditions will be reduced by the number of months that the person had coverage for the problem under a previous plan, including COBRA coverage. Thus, if you become covered by another group health plan, your COBRA coverage will be terminated at the point when the new plan may no longer exclude coverage for any of your pre-existing conditions as a result of the HIPAA.

In order to reduce or avoid a new plan's pre-existing coverage exclusion, you may request a written statement certifying to the length of your coverage under this Plan.

The HIPAA rules limiting the applicability of exclusions for pre-existing conditions become effective in plan years beginning on or after July 1, 1997 (or later for certain plans maintained pursuant to one or more collective bargaining agreements).

IF YOU HAVE ANY QUESTIONS

If you have any questions about HIPAA provisions or any other aspect of your COBRA continuation coverage, please contact the Town Treasurer. Furthermore, if you or a family member have any change in disability status, dependents, addition of a newborn or adopted child, health plan eligibility, Medicare eligibility or change of address, please notify the Town Treasurer promptly. Please keep this notice with your Summary Plan Description.

[*This Policy was adopted by the Board of Selectmen at their regular meeting of August 25, 2015.*]

COBRA Notice and Election

CONTINUEES DECLARATION OF INTENTION:

YOU MUST RETURN THIS COMPLETED FORM

I, _____, am a qualified continuee of a core coverage health insurance plan, who has lost coverage due to:

- ☐ Termination
- ☐ Resignation
- ☐ Reduction in Hours
- ☐ Death
- ☐ Divorce
- ☐ Legal Separation or
- ☐ Dependent Age-Out

I indicate my option as signified below:
(Please Indicate Your Option by your Signature)

OPTION TO DISCONTINUE COVERAGE:

I elect to terminate my health insurance. I understand that my health insurance coverage will terminate on _____.

_____ _____
Signature Witness

DATE:_____

COBRA Notice and Election

CONTINUEES DECLARATION OF INTENTION: (CONTINUED)

OPTION TO CONTINUE COVERAGE:

I elect to continue coverage under COBRA. I will prepay my health insurance premium on the first day of every month starting _____. The premium due is $_____, (this may include a 2% administration fee).

I understand that the Town of Northfield will **discontinue** my coverage should or when...

- … *I become covered under another group insurance plan..*
- … *the Town simultaneously terminates health insurance coverage for all employees.*
- … *if the Town should enter bankruptcy.*
- … *at the expiration of the statutory period (normally 18 months).*
- … *when a qualified beneficiary has elected or used 36 months of COBRA continuation coverage from the date the employee became eligible for Medicare, (applies only if the employee has a subsequent qualifying event, due to termination of employment or reduction in hours, which is less than 18 months after the date the employee became entitled to Medicare).*
- … ***I fail to pay the applicable premium when due, as noted above.***

_____ _____

Signature Witness

DATE:_____