

## COBRA OVERVIEW

### Consolidated Omnibus Reconciliation Act of 1985 (COBRA)

Under federal COBRA law, a COBRA Initial Notification is provided to employees and eligible dependents when covered under the State of Indiana's group health insurance plans. **The information provided below is a shortened version of the actual notice provided and should be used only as a reference tool.**

The following information outlines covered participants potential future options and more importantly notification obligations under the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) should health insurance terminate in the future for certain reasons.

Under the terms of the group health plan, only a spouse and eligible dependents, as defined by the health insurance policy, can be covered under the plan. Therefore, under the rules of the policy and COBRA, an employee or a covered spouse / dependent are required to notify the plan administrator of a divorce / legal separation or if a covered dependent ceases to be a dependent under the terms of the group health plan. Please take special note of the section in the notice that details notification obligations and the appropriate steps to take when making this notification. Should the outlined notification procedures not be followed, any available rights under COBRA may be lost.

Under federal COBRA law, The State of Indiana is required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called "Continuation Coverage") at group rates when coverage under the health plan would otherwise end due to certain qualifying events.

**Qualifying Event for Covered Employee\*** - A covered employee may have the right to elect this health plan continuation coverage **if** group health coverage is lost because of a termination of employment or a reduction in hours of employment.

**Qualifying Events for Covered Spouse\*** - A covered spouse of an employee may have the right to elect this health plan continuation coverage **if** group health coverage is lost because of any of the following reasons: termination of the spouse's employment or reduction in the spouse's hours of employment with the State of Indiana; death of the spouse; divorce or, if applicable, legal separation from the spouse; or the spouse becomes entitled to Medicare.

**Qualifying Events for Covered Dependent Children\*** - A covered dependent child of an employee with the State of Indiana, may have the right to elect continuation coverage **if** group health coverage is lost because of any of the following reasons: termination of the employee's employment or reduction in the employee's hours of employment; death of the employee; parents divorce or, if applicable, legal separation; employee becomes entitled to Medicare; or "dependent child" loses eligibility status under the terms of the health plan.

### **Important Employee, Spouse, and Dependent Notifications Required**

Under the law, the employee, spouse, or other covered family member has the responsibility to notify the Benefits Coordinator of a divorce, legal separation, or a child losing dependent status. This notification must be made within 60 days from whichever date is later, the date of the event or the date on which health plan coverage would be lost under the terms of the insurance contract because of the event.

If this notification is not completed according to the agency's procedures and within the required 60-day notification period, then rights to continuation coverage may be forfeited.

**Election Period And Coverage** – Once a qualifying event has occurred and is reported, the covered individuals (also known as qualified beneficiaries) will be notified of their rights to elect continuation coverage.

If a qualified beneficiary elects continuation coverage, they will be required to pay the entire cost for the health insurance, plus a 2% administration fee. The State of Indiana is required to provide the qualified beneficiary with coverage that is identical to the coverage provided under the plan to active employees and/or covered dependents.

**Eligibility, Premiums, and Potential Conversion Rights** – A qualified beneficiary does not have to show they are insurable to elect continuation coverage; however, they must have been actually covered by the plan on the day before the event to be eligible for COBRA continuation coverage.

### **Certificate of Health Insurance Portability**

You will receive a Certificate of Health Insurance Portability which details the amount of time covered under the group health insurance plan.

Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the time covered under the group health plan (including COBRA coverage, if elected) may be used to reduce a new health plan's pre-existing condition period. For example, if you were covered under our health plan for 10 months, including COBRA coverage, and your new health plan has a 12 month pre-existing condition clause for new enrollees, the new plan would subtract 10 months from the 12 month pre-existing condition period, which would leave you with only a two month pre-existing condition period. However, for your coverage under our plan to be counted under a new health plan, there must not be a break in coverage for more than 63 days from the time our plan (including COBRA coverage, if elected) ceases, to the date of enrollment in your new health plan.