

# COBRA

UMR COBRA/[myCobra@umr.com](mailto:myCobra@umr.com)

## Continuation of Coverage Eligibility

A terminated employee and dependents that become ineligible for coverage may have the right to continue PEIA health insurance coverage under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) by paying for 102% of the full premium (employer & employee portion). PEIA's COBRA program is administered by UMR. To determine if COBRA is an option for your employee, see Coverage section below for qualifying events.

**NOTE:** As the benefit coordinator, it is your responsibility to be sure that the correct termination reason is selected either on the Termination Form or on the Web Contributions system where you can terminate a policyholder's coverage. The termination reason determines whether or not a COBRA packet is mailed to the policyholder, so it is critical that the reason get reported correctly. If a policyholder is terminated for Misconduct, a COBRA packet will not be sent out to them.

## Enrollment Process

All terminated employees or dependents eligible for COBRA will receive a detailed notice of their COBRA rights from UMR. An election to continue coverage under COBRA must be made within 60 days of the end of the group coverage. Managed care participants will be given the same continuation options as those plan members covered by the PEIA PPB Plan. Additionally, if the employee has elected to continue coverage, they will retain the right to change coverage to the PEIA Health Insurance Plan during the annual open enrollment period.

In the event the policyholder has a change in status, it is important to advise the terminating employee to complete the COBRA section on the "Change-In-Status Form." The policyholder must include the address of the dependent if different from the policyholder. If not, the dependent will not receive their enrollment form.

Please note that COBRA premiums are billed directly to the policyholders. The employee or dependent can contact UMR regarding COBRA coverage by dialing 1-888-680-7342.

## Coverage

Policyholders and dependents can elect to continue coverage if there is a qualifying event. A qualifying event is an event that constitutes the loss of health coverage for a covered individual. Listed below are the qualifying events for employees, spouses, and dependent children.

**The employee is entitled to 18 months of continued coverage for:**

- Voluntary termination of employment;
- Involuntary termination of employment (except for gross misconduct); or
- Reduction in work hours to part-time status

**The spouse is entitled to 36 months of continued coverage for:**

- Death of spouse (Contact the PEIA Eligibility Section to determine if the PEIA Surviving Dependent Guidelines may be more beneficial to you);
- Divorce or legal separation; or
- Your spouse (the employee) elects Medicare "as the primary carrier while an active employee

**The spouse is entitled to 18 months of continued coverage for:**

- Voluntary termination of spouse's employment;
- Involuntary termination of spouse's employment (except for gross misconduct); or
- Reduction in spouse's work hours to part-time status.

**Dependent Children are entitled to 36 months of continued coverage for:**

- Death of parent (Contact the PEIA Eligibility Section to determine if the PEIA Surviving Dependent Guidelines may be more beneficial to you);
- Parent's election of Medicare as the primary carrier while an active employee;
- Child no longer meets the eligibility requirements of a dependent child; or
- Parental divorce

**Dependent Children are entitled to 18 months of continued coverage for:**

- Voluntary termination of parent's employment;
- Involuntary termination of parent's employment (except for gross misconduct); or
- Reduction in parent's work hours to part-time status.

The effective date of coverage is continuous from date of termination for all participants who elect coverage, properly complete enrollment materials, and pay premiums.

## **Extended COBRA Coverage**

If 18 months of COBRA coverage is provided due to termination or reduction in hours of employment, and if any COBRA beneficiary is determined to be disabled under the Social Security Act at any time during the first 60 days of this COBRA coverage, then the 18-month continuation period may be extended to 29 months for all

individuals who are qualified beneficiaries. The disabled person can be a covered employee or a dependent. The disability determination must be reported to PEIA within 60 days of the determination and before the end of the original 18-month coverage period.

Under COBRA, PEIA will charge 150% of the applicable premium for coverage during the 11-month disability extension. If a second qualifying event occurs during the 11-month extension, entitling a qualified beneficiary to 36 months of coverage (an additional 7 months of coverage), then PEIA will charge 150% of the applicable premium until the end of the 36-month continuation coverage period.

## Ineligibility

Coverage under COBRA will cease under these circumstances if the participant:

- Becomes covered under another group plan (unless it contains a pre-existing condition exclusion that reduces your benefits);
- Becomes entitled to Medicare;
- Fails to pay the premium;
- Former employer withdraws or is terminated from the PEIA plan; or
- The PEIA PPB Plan ends.

If the policyholder is covered by another health plan or Medicare before the COBRA election is made, they may make a COBRA election. In other words, the employer may end the right to COBRA continuation coverage based upon other group health plan coverage or entitlement to Medicare benefits only if the qualified beneficiary becomes covered under the other group health plan coverage or entitled to (covered for) the Medicare benefits after the date of the COBRA election.