

COBRA

Congress passed the Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefit provisions in 1986. The law amends the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code and the Public Health Service Act to provide continuation of group health coverage that otherwise would be terminated.

COBRA contains provisions giving certain employees, former employees, retirees, spouses and dependent children the right to temporary continuation of health coverage at group rates. This coverage, however, is only available in specific instances. Coverage for COBRA participants is usually more expensive than coverage for active employees, since usually the employer formerly paid a part of the premium.

COBRA continuation coverage is a continuation of plan coverage when coverage would otherwise end because of a life event known as a “qualifying event.” After a qualifying event, COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” A qualified beneficiary generally is any individual covered by a group health plan on the day before a qualifying event. A qualified beneficiary may be an employee, the employee’s spouse and dependent children, and in certain cases, a retired employee, the retired employee’s spouse and dependent children.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

Your hours of employment are reduced; or

Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse’s hours of employment are reduced;
- Your spouse’s employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee’s hours of employment are reduced;
- The parent-employee’s employment ends for any reason other than his or her gross misconduct;

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General Notice

A General Notice of COBRA Continuation of Coverage Rights is provided when you initially become covered under a group health or dental group plan. The notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage. It also contains information about the Health Insurance Marketplace Exchange.

Election Notice

You will receive an Election Notice when you or one of your qualified beneficiaries lose coverage under a qualified plan. The Election Notice contains the election form that must be returned in order to participate in COBRA, along with the COBRA rate sheet and other information about your rights under COBRA. You or your qualified beneficiaries will receive an Election Notice for any of the following reasons:

- 1) Termination (for reasons other than gross misconduct) or a reduction in work hours
- 2) A child's loss of dependent status
- 3) A divorce or legal separation
- 4) Employee entitlement for Medicare
- 5) Military leave, after the 12-month benefit extension expiration
- 6) Death of an employee

For More Information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the plan is available in your summary plan description or from the COBRA Administrator. You can get a copy of your summary plan description from:

The City of Oklahoma City
Human Resources Department / Employee Benefits Division
Attn: COBRA Administrator
420 W. Main, Suite 110
Oklahoma City, OK 73102
Phone: (405) 297-2144

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area, or visit the EBSA Web site at www.dol.gov/ebsa.

COBRA –FAQ

Is COBRA continuation coverage available to a retiree’s spouse and/or dependent?

A former spouse and/or dependent of a retiree may be eligible for COBRA coverage as defined on the previous page:

- the death of the retiree;
- the retiree becomes entitled to Medicare benefits (under Part A, Part B, or both);
- a divorce; or
- a child is no longer eligible for coverage under the Plan as a “dependent child.”

Is COBRA continuation coverage available to a retiree as a result of an employer bankruptcy?

Sometimes. Filing a proceeding in bankruptcy of the employer under Title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the City of Oklahoma City, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee’s spouse and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

How long will continuation coverage last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage may be continued for up to 18 months. In the case of loss of coverage due to an employee’s death, divorce or legal separation, the employee’s enrollment in Medicare or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued for up to 36 months. When the qualifying event is the end of employment or reduction of the employee’s hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. This notice lists the maximum period of continuation coverage available to qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

Any required premium is not paid on time; a qualified beneficiary becomes covered under another group health plan that does not impose a pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary; a qualified beneficiary enrolls in Medicare after electing continuation coverage; or the employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the plan would terminate