

COBRA

What is 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 require most group health plans to provide a temporary continuation of group health coverage that otherwise could be terminated.

Who is Eligible for COBRA?

A Qualified Beneficiary generally is an individual covered by the City of Lincoln / Lancaster County on the day before the qualifying event has occurred. This may be the employee, the employee's spouse, or an employee's dependent child(ren). In certain cases, a retired employee, the retired employee's spouse, and the retired employee's dependent child(ren) may be qualified beneficiaries. It also may include any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a beneficiary. Agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.

Qualifying Events

Qualifying events are certain events that would cause an individual to lose health coverage. The type of qualifying event will determine who the qualified beneficiaries are and the amount of time that a plan must offer the health coverage to them under COBRA. A plan, at its discretion, may provide longer periods of continuation coverage.

Qualifying Events for Employees:

Voluntary or involuntary termination of employment for reasons other than gross misconduct.

Reduction in the number of hours worked.

Retirement.

Qualifying Events for Spouses:

Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct.

Reduction in the number of hours worked.

Covered employee's becoming entitled to Medicare.

Divorce or legal separation of the covered employee.

Death of the covered employee.

Qualifying Events for Dependent Child(ren):

Loss of dependent child status under the plan rules.

Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct.

Reduction in the number of hours worked.

Covered employee's becoming entitled to Medicare.

Divorce or legal separation of the covered employee.

Death of the covered employee.

Required Notice

The City of Lincoln / Lancaster County must depend on notice from the employee when certain events occur that would qualify the employee or dependent for COBRA. Under COBRA regulations, the employee or family member is responsible for informing the employer of such events, including: divorce, legal separation, or a child losing dependent status (e.g. due to graduation, age, marriage). Such notice must be within 30 days of the later of the following dates: date of the event, or date on which coverage would end under the plan because of the event. When the City of Lincoln / Lancaster County determines that an employee or dependent has experienced an event that qualifies the enrollee for continuation coverage, the employer provides a written notice of COBRA rights and an application for the employee and dependents. The employee and / or dependents have 60 days from the date that the coverage would end or date of the offer letter, whichever comes later, to elect COBRA. If moving out of the health plan's medical network service area, coverage may be changed to another employer-sponsored health plan that provides benefits in the new location.

Length of Coverage

The length of COBRA coverage is between 18 and 36 months, and will depend on the event that occurred.

Qualifying Event	Qualified Beneficiaries	Maximum Period of Continuation Coverage
Termination (for reasons other than gross misconduct), reduction in hours worked or retirement	Employee Spouse Dependent Child(ren)	18 Months
Individual becomes disabled within 60 days of termination	Employee Spouse Dependent Child(ren)	29 Months
Employee enrollment in Medicare	Spouse Dependent Child(ren)	36 Months
Divorce or legal separation	Spouse Dependent Child(ren)	36 Months
Death of employee	Spouse Dependent Child(ren)	36 Months
Loss of "dependent child" status under the plan	Dependent Child(ren)	36 Months

Extending COBRA Coverage

An 11-month extension for a maximum of 29 months of coverage, may be available if an individual becomes disabled (for Social Security disability purposes) within 60 days after the time of the termination, and the City of Lincoln / Lancaster County is notified of that determination within 60 days. The affected individual must also notify the City of Lincoln / Lancaster County within 30 days of any final determination that the individual is no longer disabled. In no event will COBRA continuation coverage last beyond 36 months from the date of the event that originally made a qualified beneficiary eligible to elect coverage.

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the City of Lincoln / Lancaster County within 60 days after the second qualifying event occurs if you want to extend your coverage.

Electing COBRA Coverage

Each qualified beneficiary has a separate right to elect continuation coverage. A parent or legal guardian may elect on behalf of any dependent child(ren). The employee or employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries. If you elect COBRA coverage and have a newborn child placed with you for adoption, then that child will be considered a dependent for COBRA purposes.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health care plans if you have more than a 63 day gap in health coverage and election of continuation coverage may help you not have a such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

Reasons Why Coverage May End

If the employee does not elect COBRA within 60 days, coverage under the City of Lincoln / Lancaster County sponsored health plan ends. If the employee elects COBRA, coverage may also end when:

premiums are not paid on time; the enrollee becomes covered under another group health plan which does not limit the coverage for an enrollee's pre-existing condition; the enrollee becomes entitled to Medicare; the City of Lincoln / Lancaster County no longer provides group health coverage to any employee; when the enrollee's COBRA coverage was extended due to disability and there is a final determination that the enrollee is no longer disabled.

COBRA benefits are provided subject to continued eligibility for coverage. The City of Lincoln / Lancaster County has the right to terminate COBRA coverage retroactive to the date on which eligibility ends.

COBRA FAQs

Q: What do I need to do to get my COBRA paperwork?

A: Terminating employees do not have to initiate the COBRA paperwork. You will automatically receive COBRA notification via USPS mail once your department submits the necessary documentation to personnel of your termination.

Q: How long do I have to elect COBRA?

A: You have 60 days from the date of the letter of offer to elect COBRA.

Q: When do I have to make my first payment?

A: You have 45 days from the date of your election to make your first payment.

Q: When does my coverage begin?

A: Your coverage begins at the 1st of the month after you lost coverage as an active employee.

Q: Who do I make my check out to?

A: City-County Personnel Department.

Q: How do I know when my payments are due?

A: After you elect coverage you will receive payment coupons with the due date and the amount due on them.

Q: Do I have to elect all the coverages on the election form?

A: No, you can pick and choose what benefits you would like to continue.

Q: Do I have to continue my COBRA for the full 18 or 36 months?

A: No, you may cancel your coverage at any time, just notify our office.

Q: Will I get new ID cards?

A: Yes, you should receive new ID cards within 7-14 days after you have enrolled.

CITY OF LINCOLN 2011-2012 COBRA RATES

Provider	Single	2 Party	4 Party	Family
Blue Cross Blue Shield	\$451.90	\$1003.23	\$1003.23	\$1328.57
Ameritas Dental	\$34.90	\$69.07	\$69.07	\$112.34
Eyemed Vision Care	\$9.34	\$17.75	\$18.69	\$27.83

LANCASTER COUNTY - 2012 COBRA RATES

Provider	Single	2 Party	4 Party	Family
Blue Cross Blue Shield	\$511.67	\$1151.25	\$1151.25	\$1534.92
Ameritas Dental	\$29.41	\$66.35	\$66.35	\$103.31
Eyemed Vision Care	\$9.34	\$17.75	\$18.68	\$27.83