

# CONTINUATION COVERAGE

## AT A GLANCE

What You Need To Know About COBRA & State Continuation Coverage

Continuation Coverage Basics

### Oxford Continuation Coverage Contact Information

**Need to terminate an employee and/or dependent from active coverage?**

- Complete an *Addition/Termination/Change Form* or *New Jersey Large Member Enrollment/Change Request Form* (New Jersey groups).


**Need to enroll a former employee and/or their dependents for Continuation Coverage?**

- Each eligible former employee and/or dependent needs to complete an *Addition/Termination/Change Form* or *New Jersey Large Member Enrollment/Change Request Form* (New Jersey groups).

**Oxford Health Plans  
Enrollment Department  
P.O. Box 7085  
Bridgeport, CT 06601-7085**

If a terminated employee continues to appear as an active employee on your Invoice Details, notify your Oxford Account Manager or Group Services immediately by:

- Phone 1-888-654-0065
- E-mail: [groupservices@oxfordhealth.com](mailto:groupservices@oxfordhealth.com).  Turnaround time is generally 24 hours

**Need more information about continuation coverage? Visit these sites:** 

#### Federal Government Resource

[www.dol.gov/dol/topic/health-plans/cobra.htm#doltopics](http://www.dol.gov/dol/topic/health-plans/cobra.htm#doltopics)

#### State of Connecticut Resource

[www.state.ct.us/cid](http://www.state.ct.us/cid)

#### State of New Jersey Resource

[www.state.nj.us/dobi](http://www.state.nj.us/dobi)

#### State of New York Resource

[www.ins.state.ny.us/faqcs1.htm#cobra](http://www.ins.state.ny.us/faqcs1.htm#cobra)

For more detailed information, please refer to your *Certificate of Coverage*.

# CONTINUATION COVERAGE

## What You Need to Know About the Consolidated Omnibus Budget Reconciliation Act (COBRA) & State Continuation Coverage

**Important Note:** This section of the Oxford Benefits Administration Guide provides a brief overview of continuation coverage requirements. It is not intended to be a complete guide to continuation law and requirements. Employer groups should consult with legal counsel regarding their specific obligations with respect to continuation coverage.

Federal law requires employers (that employ 20 or more employees on a typical business day during the preceding calendar year) with group health plans to provide continuation coverage to former covered employees and their covered dependent(s) in certain instances.

State laws generally require employers with group health plans with fewer than 20 employees on a typical business day during the preceding calendar year to provide continuation of coverage.

It is the employer's responsibility to be familiar with the applicable (federal or state) continuation of coverage requirements regarding:

- When a covered employee and/or covered dependent(s) must be offered continuation of coverage.
- What changes affect continuation coverage.
- What your company's obligations are in providing and notifying covered employees and their covered dependent(s) of continuation coverage rights.

## Continuation Coverage Basics

### How COBRA Coverage Works

- There is no lapse between active coverage and COBRA continuation coverage.
- No evidence of insurability is required.
- Contract benefits will be identical to those available under your group's policy.
- Premium payments must be made for all months of COBRA coverage.

### Groups Exempt from COBRA

The following groups are exempt from COBRA:

- Employers that employ fewer than 20 employees on a typical business day during the preceding calendar year with group health plans (these employer groups may be subject to state-specific continuation requirements);
- State and local government plans;
- Most church plans; and
- Federal government employees.

## Qualifying Events Under COBRA

- Events that qualify the covered employee and his/her covered dependents for 18 months of coverage:
  - Voluntary termination;
  - Involuntary termination of employment (except for gross misconduct); or
  - Reduction in hours of employment (strike, layoff, full-time to part-time, leave of absence) that no longer qualifies the employee for health coverage.
- Events that qualify the covered spouse or covered dependent child(ren) for 36 months of coverage:
  - Death of the employee;
  - Divorce or legal separation from an employee; or
  - Dependent child(ren) exceeding the dependent cut-off age.

**Please note:** Some state laws require employers with group health plans with fewer than 20 employees on a typical business day during the preceding calendar year to provide continuation of coverage

- New York and Connecticut State Continuation provisions are similar to COBRA
- New Jersey State Continuation provisions differ from COBRA

## When is a Spouse or Dependent Eligible for a COBRA Extension?

If an employee's spouse or dependent is:

- Already enrolled as a qualified beneficiary on COBRA for 18 months; and
- Experiences one of the 36-month qualifying events for COBRA election.

This is known as a "secondary qualifying event." In this case, the qualified beneficiary is eligible for 36 months of COBRA coverage from the date of the initial qualifying event.

### Example:

- January 1, 2004: John Doe quits his job and elects COBRA coverage for himself and his spouse. They are both eligible for 18 months of COBRA coverage because termination of employment is an 18-month qualifying event.
- July 1, 2004: Mr. and Mrs. Doe get divorced.
  - For Mrs. Doe: This is a second qualifying event for her only (divorce from the employee). Thus, she is eligible for 36 months of COBRA coverage from the date of the initial qualifying event, January 1, 2004.
  - For Mr. Doe: There is no second qualifying event for him, so he still has only 18 months of COBRA coverage.

# CONTINUATION COVERAGE

## COBRA Election Notice Requirements

It is extremely important to provide a complete and accurate COBRA election notice to eligible individuals within the time frames specified by COBRA. Oxford will not assume responsibility if we receive late notification of COBRA election because an employer failed to provide notification of COBRA rights to an eligible individual. This may also result in delays or problems with an employee obtaining Health Insurance Portability and Accountability Act (HIPAA) Certificates in a timely manner.

Generally, employers need to notify any eligible employee of his/her COBRA rights within 14 days of the qualifying event.

### Covered employees and their covered dependent(s) must:

1. Elect COBRA coverage within 60 days after the date they receive their COBRA election notice from the employer or the qualifying event date, whichever is later.
  - Oxford will not enroll an individual if we do not receive the election form within the 60-day time frame.
2. Pay retroactive premiums within 45 days from the date of election. After that, the monthly premium is due on the first of the month with a 30-day grace period.

## How to Enroll COBRA-eligible Individuals

Employers must immediately send Oxford an *Addition/Termination/Change Form* or *New Jersey Small Member Enrollment/Change Request Form* (New Jersey groups) to terminate the covered employee and/or covered dependent(s) from active coverage, whether or not the covered individual has elected COBRA.

- Each covered individual has the right to elect COBRA individually, and a *Member Enrollment Form* must be completed for each.

Send forms to:

**Oxford Health Plans  
Enrollment Department  
P.O. Box 7085  
Bridgeport, CT 06601-7085**

## How to Confirm Enrollment of COBRA Members

Generally, your monthly bill will identify the enrolled COBRA continuees under the appropriate Contract Specific Package (CSP).

If a COBRA participant continues to appear on your Invoice Detail as an active employee or dependent(s), notify Group Services immediately at 1-888-654-0065, Monday to Friday, 8:00 AM to 5:00 PM.

## How COBRA Disability Extensions Work

- Disabled individuals may qualify for an extension that extends the otherwise applicable 18-month coverage period to 29 months.

A disability extension will only apply if a qualified beneficiary:

- Is determined, under the Social Security Act, to have been disabled prior to or within the first 60 days of continuation coverage; and

# CONTINUATION COVERAGE

- Applies for the disability extension within 60 days of the date of the determination of disability by the Social Security Administration (SSA) and before the end of the 18-month continuation period. The qualified beneficiary must provide his/her employer with a Notice of Disability from the Social Security Administration.

The employer provides Oxford with:

- The Notice of Disability from the qualified beneficiary, and
- *Addition/Termination/Change Form* or *New Jersey Small Member Enrollment/Change Request Form* (New Jersey groups) to process the extension of the qualified beneficiary's coverage.

If this information is not received by Oxford within the time frames specified above, the extension will not be granted.

The employer may charge up to 150% of the premium for the 11-month disability extension.

## When Dual Coverage Occurs

Based upon a June 8, 1998 U.S. Supreme Court Ruling, former employees electing COBRA coverage may do so even if they are currently covered under another group health plan or Medicare.

However, if a former employee elects COBRA and then becomes covered by another group health plan or Medicare coverage, the former employee will no longer be eligible for COBRA coverage (unless the new group coverage has a pre-existing condition restriction that limits the Member's coverage). To notify Oxford that a continuee is no longer eligible, submit an *Addition/Termination/Change Form* or *New Jersey Small Member Enrollment/Change Request Form* (New Jersey groups).

### In summary:

- If the other group or Medicare coverage existed before COBRA, the Member may elect COBRA.
- If the group health or Medicare coverage begins after COBRA, the COBRA eligibility ends.

## When & How to Terminate COBRA Coverage

Coverage will terminate:

- On the last day of the COBRA coverage period;
- If any premium payment is not made within the grace period; or
- If the employer ceases to provide group health coverage to employees.

A qualified beneficiary is no longer eligible:

- When the qualified beneficiary becomes covered under another group health plan, which does not limit or exclude a pre-existing condition; or
- If the qualified beneficiary is entitled to Medicare after the date of election.

# CONTINUATION COVERAGE

To request termination, the benefits administrator can complete an *Addition/Termination/Change Form* or *New Jersey Small Member Enrollment/Change Request Form*(New Jersey groups) or

The qualified beneficiary can submit a letter requesting that COBRA/State Continuation coverage be terminated to:

**Oxford Health Plans**  
**Enrollment Department**  
**P.O. Box 7085**  
**Bridgeport, CT 06601-7085**

The letter should contain the following:

- Member name;
- Member ID;
- Group ID; and
- Exact date of termination.

## **When Continuation Coverage Ends: Conversion Privilege**

Conversion is a choice to continue membership with Oxford on an individual basis once a Member no longer qualifies for coverage through a group. Benefits available to individual Members may be different from those offered to group enrollees, and restrictions may apply.

Members should be advised to contact the following numbers for additional information:

- New York and New Jersey Members: **1-800-216-0778**
- Connecticut Health Reinsurance Association: **1-800-842-0004**

## **How Continuation Rules Apply to an Oxford MyPlan<sup>SM</sup> Health Reserve Account**

- Generally, if a group is eligible for continuation coverage, the health reimbursement arrangements (HRA) are flexible with respect to COBRA and state continuation rules.
- Employer groups may choose to set-up the continuation plan to mirror only the insured coverage portion of Oxford MyPlan, as the insured plan may be elected independently of the HRA.
- Continues elect to enroll in the health plan and discontinues the HRA.
- Employers should consult their tax advisor to determine the best option for the group and their employees.

