

**SUMMARY OF THE CONSOLIDATED OMNIBUS BUDGET
RECONCILIATION ACT (COBRA LAW)**

- A. District Compliance Date is January 1, 1987
- B. The coverage is an UNBROKEN CONTINUATION of the active employee or retiree coverage.
- C. Eligibility for continuance of coverage is contingent upon the occurrence **“QUALIFYING EVENT”**.

- 1. An **Employee’s** Qualifying Events are:
 - a. Lay-off;
 - b. Reduction in scheduled work hours to a level that benefits are lost;
 - c. Voluntary Termination of Employment; or
 - d. Discharge from the District (for reasons other than gross misconduct)

The coverage continuation period for the employee and the employee’s dependents will be a maximum of **18 months**.

The coverage will terminate at the earliest of:

- a. The expiration of 18 months
- b. The employee’s re-employment and coverage under any group health plan unless excluded fully or partially by a pre-existing condition(s) clause
- c. In the case of each person, his or her eligibility for Medicare
- d. Failure to make timely payment of the cost of continued coverage; or
- e. The date on which the employer ceases to provide any group plan to any employee

- 2. A **Dependent’s** Qualifying Events are:
 - a. Employee’s death;
 - b. Divorce or legal separation of the employee and spouse;
 - c. Employee’s entitlement to Medicare;
 - d. Ceasing to be a **“dependent child”** according to the plan definitions

The coverage continuation period for the dependent will be a maximum of **36 months**.

The coverage will terminate at the earliest of the following events:

- a. In case of a spouse – remarriage and coverage as a dependent spouse under any other group health plan
- b. In the case of a dependent child – subsequent coverage as a dependent child under any group health plan unless specifically excluded partially or fully by a pre-existing condition(s) clause

- c. In the case of a spouse or dependent child
 - * The expiration of 36 months
 - * Coverage as an employee under any other health plan unless specifically excluded partially or fully by a pre-existing condition(s) clause
 - * Entitlement of Medicare
 - * Failure to make timely payment of premium
 - * The date on which the employer ceases to provide a group health plan to any employee

- D. The **Responsibility for Notifying** The District's Human Resources office of any Qualifying Event is the sole responsibility of the employee and must be done within 60 days of the Qualifying Event.

- E. Under the law, an **Eligible Beneficiary** is one who meets the qualifications described above. In the Summary, an Eligible Beneficiary is hereafter called "**INSURED**".

- F. Health Plans subject to COBRA are:
 - Medical (KAISER or DISTRICT MEDICAL) Plan
 - Employee Assistance Program (EAP)
 - Dental Plan
 - Vision Care Plan

- G. Each insured person (employee, spouse or child) has the **right to individual selection of coverage** except that each individual has only two options:
 - 1) Medical only
 - 2) The whole package of Medical, EAP, Dental & Vision

- H. An Eligible Insured has an **Election Period of 60 days** from the Qualifying Event in which to notify the **HUMAN RESOURCES OFFICE** that he or she elects to continue coverage under COBRA.

- I. An Insured is one who has elected to be covered and has met all enrollment requirements.

- J. Non-Resident Aliens are excluded (under the Tax Reform Act of 1986) from being Eligible Beneficiaries.

- K. The **Plan Year** is **July 1st to June 30th** of each year.

- L. An insured has a **45** day period from the day of election in which to pay the **Initial Premium Payment**. The initial payment is the first month's premium and any premium, retro-active to the date of the Qualifying Event.

- M. The **PREMIUM DETERMINATION PERIOD** is **July 1st to June 30th** of each year. Premiums are subject to change on July 1st of each year.

- N. The Premium is 102% of the premium applicable to active employees as determined actuarially. Premium rates for each plan are included in the **REQUEST FOR CONTINUED HEALTH COVERAGE** form, available from **HUMAN RESOURCES OFFICE**.

- O. **Premium Payment** is due and payable on the first day of coverage and the first day of each month thereafter. The initial payment must be made within 45 days of election.
- P. Claims will be “**PENDING**” (held without payment) by the respective plan administrators for services received during the Election Period of 60 days or during a period in which the insured has an outstanding invoice with the District.
- Q. The District will **not** be responsible for any loss to the insured arising out of the pending of any claim or the subsequent delay in payment of any claim.
- R. Any **Modification of Coverage** extended to the active or retired employees is extended to the insureds.
- S. If there should be **MULTIPLE QUALIFYING EVENTS**, the combined coverage period shall be no more than a total of **36** months.
- T. If payment is not received in the **District Accounting Office** within **30** days of the due date coverage shall be terminated with **no rights to reinstatement**. Coverage will stop at the end of the period for which premiums were paid.
- U. **CONVERSION** coverage from the group policy to an individual policy shall be offered to insured **180** days **prior** to the exhaustion of the COBRA benefit period.
- V. An insured, who is eligible for COBRA under qualifying events listed in C1 of this summary and who is determined to have been disabled under Social Security at the same time of that qualifying event, is entitled to obtain an **extension** of COBRA coverage up to **11** months under certain conditions:
1. The insured must notify the **HUMAN RESOURCES OFFICE** within 60 days of obtaining Social Security’s determination and before the end of the initial 18 months period of coverage.
 2. The premium will be **150%** of the premium applicable to active employees determined actuarially.

Coverage under this condition will terminate at the earliest of:

1. The expiration of **11** months from the time of extension. (Maximum total being **29** months from the initial qualifying event.)
2. All other conditions for termination listed in C1 (b-e.)