

HMSA's COBRA Assist

EMPLOYER GUIDE



An Independent Licensee of the Blue Cross and Blue Shield Association



The **Consolidated Omnibus Budget Reconciliation Act** is a federal law that lets your employees and their dependents continue their health plan after losing their job or spouse. This guide has information to help you meet COBRA requirements and includes sample notices with new requirements.

Employers are typically the plan administrators and, therefore, are responsible for distributing COBRA notices to employees. HMSA is not the plan administrator. Although we don't distribute notices, we can help you with monthly billings, premium collections, and tracking COBRA health plan periods.

General notice. Employers or plan administrators must give employees and their spouses a general notice about their COBRA rights within 90 days after receiving their health plan. The notice must include:

- The name, address, and telephone number of someone who can provide more information about the COBRA plan.
- A description of the COBRA plan such as when it's available, when it can be extended, and payment requirements.
- An explanation of when employees and their dependents must notify their employers or plan administrators about an event that may qualify them for a COBRA plan.

Employee and qualified beneficiary notice. Employees and their dependents who are eligible for a COBRA health plan ("qualified beneficiaries") must let their employer or plan administrator know about a divorce or legal separation or if their dependent will no longer be eligible for the health plan because of a "qualifying event." Qualified beneficiaries must also let their employer or plan administrator know about second qualifying events and Social Security Administration disability determinations and terminations. Employers must have procedures for qualified beneficiaries to provide such a notice.

Employer obligations. Employers must let plan administrators know within 30 days if an employee is terminated or their work hours are reduced because the employee:

- Isn't eligible for a health plan.
- Is deceased.
- Receives Medicare.
- Works for a company that goes bankrupt.

What employers or plan administrators must do. In addition to providing the general notice, plan administrators must give qualified beneficiaries an election notice within 14 days after receiving notice from the employer, employee, or spouse about a qualifying event. Notice must be provided within 44 days of the qualifying event or after the health plan ends.



If the employer or plan administrator determines that an individual isn't eligible for a COBRA health plan after the second qualifying event, the employer or plan administrator must let that person know within 14 days after receiving the notice.

Employers or the plan administrators must let qualified beneficiaries who receive a COBRA health plan know if the plan ends earlier than expected, such as when the employer ends health plans for all employees or when premiums aren't paid on time. The notice of early termination must be given as soon as possible after the decision is made to end the health plan.

Model notices. The Department of Labor released a modern general notice and a model election notice. You can customize the model notices. This guide includes samples of letters and notices from the U.S. Department of Labor website. For more information, visit dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra.

This information is a summary of the final rules, is provided as a courtesy for general informational purposes only, may not reflect the most up-to-date information, and does not and is not intended to constitute business or legal advice. You should consult your employer or legal adviser for more details.



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*We recommend that you consult with an attorney for your COBRA administration needs.
If you have questions about COBRA Assist, contact your HMSA representative.*



Summary of Selected COBRA Provisions

Employers generally must follow COBRA requirements if they offer employee health plans and have at least 20 employees on half of the working days of the previous calendar year.

Employer group insurance continuation option

You must offer employees, including retirees, the opportunity to continue their employee health plan through COBRA.

Qualified beneficiaries

They are employees and their spouses and dependent children who are insured under the employee's health plan on the day before a COBRA qualifying event. In certain cases, retired employees and their spouses and dependent children, including newly adopted children, may be qualified beneficiaries.

Qualifying events and continuation periods

Employees and their dependents can continue their health plan for 18 months after losing their health insurance because of a qualifying event such as:

- Reduction in work hours that result in the loss of a health plan.
- Voluntary or involuntary termination of employment for reasons other than "gross misconduct."

The continuation period can be extended for another 11 months (for a total of 29 months) if the Social Security Administration determines that a qualified beneficiary is disabled during the first 60 days on a COBRA health plan. Additionally, the 18-month continuation period may be extended because of a second qualifying event.

A continuation period of up to 36 months is required for the employees' spouse and dependents who become uninsured due to a second qualifying event, such as:

- Death of the employee.
- Legal separation or divorce.
- The employee gets Medicare Part A, Part B, or both.
- The child is no longer a dependent.

Terms for continuation

Qualified beneficiaries may be charged a monthly premium that doesn't exceed 102% of the total monthly cost (or 150% after the 18th month if coverage is extended as a result of disability). The terms of the plan and conversion plan options must be the same as those provided to similarly situated employees.

Notice requirements

General notice

Employers must give a written notice of continuation coverage rights to employees and their spouses within 90 days of the start of their health plan. The notice must include information specified in the regulations. Sample 2 is a general notice form that you can use.

Election notice

Employers or plan administrators must give qualified beneficiaries an election notice within 14 days after they receive notice about a qualifying event. If the qualifying event was due to loss of a job or reduction in hours, you must notify the plan administrator within 30 days. You or your plan administrator must provide the election notice within 44 days after employees lose their health plan. Qualified beneficiaries who are eligible for a COBRA health plan have 60 days to sign up for a plan starting from the day the existing plan ends or on the day the election notice is sent, whichever is later.

We won't provide a COBRA health plan if the employer or plan administrator doesn't give the employee an election notice within one business day after the expiration of the qualified beneficiary's election period.

Reasonable procedures for qualified beneficiaries

Health insurers must have a reasonable way for qualified beneficiaries to let employers or plan administrators know about a qualifying event. See Sample 4. You should customize the notice and include it in the general notice, election notice, and in your plan's summary description.

Notice of ineligibility

You or your plan administrator must let employees and their beneficiaries know within 14 days after receiving the election notice if the employee isn't eligible for a COBRA health plan. See Sample 5.

Notice of early termination

You or your plan administrator must let employees know as soon as possible when a COBRA health plan ends earlier than expected. See sample 6.

Termination

You can end a health plan before the end of the 18-, 29- or 36-month period when:

- Employee health plans are canceled. (Hawaii law requires employers to offer health insurance to employees who work 20 hours or more a week for four consecutive weeks.)
- The employee doesn't pay the bill on time.
- The employee gets another health plan.
- The employee enrolls in Medicare.
- The employee is no longer considered disabled by the Social Security Administration.

Penalties

You could be fined by the federal government for not following COBRA requirements. Consult your labor or employment counsel for more information.

Employer Responsibilities Under COBRA

You or plan administrators must let employees and other COBRA beneficiaries know:

- About COBRA when they receive health insurance through your company.
- About COBRA within 14 days of losing health insurance because of a qualifying event, such as termination, reduction in hours, divorce, legal separation, or the death of an employee. If you're also the health plan administrator, you must let employees know about COBRA within 44 days of the qualifying event or after the health plan ends.
- About health plan changes and their options during the annual open enrollment.
- When they're not eligible for a COBRA health plan.
- When their COBRA health plan ends.

You or your plan administrator must also let HMSA know when employees sign up for a COBRA health plan within one business day after the expiration for individuals to extend their health plan. It must be within 60 days of cancellation of the individual's health plan or the day the Notification of COBRA Election form is sent, whichever is later.

Employer Checklist

When an employee's employment ends:

- Give the employee and their spouse the COBRA general notice within 90 days.
- Have your employee and their spouse sign the COBRA general notice.
- File the signed forms in the employee's personnel file. Forms should be kept for six years after employment ends.

When a qualifying event occurs, such as loss of employment, reduced work hours, or divorce:

- Let the plan administrator know within 30 days.
- The plan administrator must provide an election notice within 14 days to the employee and their spouse. If the qualifying event is due to a termination or a reduction in hours, the plan administrator must provide the election notice within 44 days of the qualifying event or when the health insurance ends. Notices must be mailed to the employee and their spouse.
- Let employees know when they're not eligible for a COBRA health plan.
- Let employees know if their COBRA health plan ends earlier than expected. Explain why it will end early, when it will end, and what their health plan options are.
- Keep a file of your training, procedures, and other documents showing how you informed your employees about COBRA. This includes copies of the employees' COBRA election forms, stamped envelopes, and HMSA bills.
- During open enrollment, give COBRA beneficiaries the same health plan information and opportunities available to your active employees.
- Give *Summary Plan Descriptions* and *Summary of Material Modifications* to employees who sign up for a COBRA health plan.

Check with an attorney for more information about COBRA requirements.

Instructions for General Notice of COBRA Continuation Coverage Rights (Sample 2)

1. Provide the employee and their spouse with the General Notice within 90 days of the start of the group's health plan.
2. Enter the appropriate phrase if the employee "must pay" or "aren't required to pay" for COBRA continuation coverage.
3. Include the paragraph if the plan provides retiree health coverage.
4. Include bullet if the plan provides retiree health coverage.
5. Enter name of appropriate party. If applicable, add description of any additional plan procedures for this notice, including a description of any required information or documentation.
6. If applicable:
 - a. Add description of any additional plan procedures for this notice, including a description of any required information or documentation.
 - b. Name of the appropriate party to whom notice must be sent.
 - c. Time period for giving notice.
7. Enter plan contact information.
8. Have your employee (and their spouse, if applicable) sign the COBRA General Notice to indicate that they've received the Notice, which advises them of their rights to continuation coverage.
9. File the signed forms in the employee's personnel file. Forms should be kept for six years after employment ends.

**Model General Notice of COBRA Continuation Coverage Rights
(For use by single-employer group health plans)**

**** Continuation Coverage Rights Under COBRA****

Introduction

You're getting this notice because you recently gained coverage under a group health plan (the Plan). This notice has important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. **This notice explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect your right to get it.** When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and other members of your family when group health coverage would otherwise end. For more information about your rights and obligations under the Plan and under federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator.

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

What is COBRA continuation coverage?

COBRA continuation coverage is a continuation of Plan coverage when it would otherwise end because of a life event. This is also called a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage **#2** [*choose and enter appropriate information*: must pay or aren't required to pay] for COBRA continuation coverage.

2

If you're an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying events:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you're the spouse of an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying events:

- 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.

Sample 2

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

- 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;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as a "dependent child."

#3 *[If the Plan provides retiree health coverage, add the following paragraph:]*

3

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to *[enter name of employer sponsoring the Plan]*, 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. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

When is COBRA continuation coverage available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. The employer must notify the Plan Administrator of the following qualifying events:

4

- The end of employment or reduction of hours of employment;
- Death of the employee;
- **#4** *[add if Plan provides retiree health coverage: Commencement of a proceeding in bankruptcy with respect to the employer;];* or
- The employee's becoming entitled to Medicare benefits (under Part A, Part B, or both).

5

For all other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days [or enter longer period permitted under the terms of the Plan] after the qualifying event occurs. You must provide this notice to: #5 [Enter name of appropriate party]. [Add description of any additional Plan procedures for this notice, including a description of any required information or documentation.]

How is COBRA continuation coverage provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage that generally lasts for 18 months due to employment termination or reduction of hours of work. Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.

Sample 2

There are also ways in which this 18-month period of COBRA continuation coverage can be extended:

Disability extension of 18-month period of COBRA continuation coverage

If you or anyone in your family covered under the Plan is determined by Social Security to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to get up to an additional 11 months of COBRA continuation coverage, for a maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of COBRA continuation coverage.

6

#6 *[Add description of any additional Plan procedures for this notice, including a description of any required information or documentation, the name of the appropriate party to whom notice must be sent, and the time period for giving notice.]*

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event during the 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if the Plan is properly notified about the second qualifying event. This extension may be available to the spouse and any dependent children getting COBRA continuation coverage if the employee or former employee dies; becomes entitled to Medicare benefits (under Part A, Part B, or both); gets divorced or legally separated; or if the dependent child stops being eligible under the Plan as a dependent child. This extension is only available if the second qualifying event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicare, Medicaid, Children's Health Insurance Program (CHIP), or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an 8-month special enrollment period¹ to sign up for Medicare Part A or B, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

¹ <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>.

Sample 2

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA continuation coverage will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information visit <https://www.medicare.gov/medicare-and-you>.

If you have questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit www.HealthCare.gov.

Keep your Plan informed of address changes

To protect your family's rights, let the Plan Administrator know about any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Plan contact information

7

[Enter name of the Plan and name (or position), address and phone number of party or parties from whom information about the Plan and COBRA continuation coverage can be obtained on request.]

8

Replace with #7 & 8 below:

Sample 2

Plan contact information

7

Name of group health plan: _____

Employer group or plan administrator: _____

Contact: _____

Address: _____

7

Phone number: _____

Acknowledgement of receipt

I acknowledge that I've received the general notice of COBRA continuation coverage notifying me of my rights to extend my group plan coverage.

Employee's Signature: _____ Date: _____

8

Employee's Name: _____

Spouse's Signature: _____ Date: _____

Spouse's Name: _____

Instructions for COBRA Continuation Coverage Election Notice (Sample 3A)

1. Enter the date of the Election Notice.
2. Identify the qualified beneficiary(ies) by name or status.
3. Enter the date the plan will end.
4. Check the applicable qualifying event.
5. Check the applicable qualifying beneficiary(ies).
6. Enter the date COBRA continuation coverage will begin.
7. Enter the date COBRA continuation coverage will end.
8. If applicable, insert if there are different coverage options.
9. Enter the applicable dues that will be required for each option per month.
Please contact your HMSA representative for cost information.
10. Enter the plan contact information as indicated.
11. Enter the date the current COBRA premium will end.
12. Enter the applicable dues that will be required for each option per month.
Please contact your HMSA representative for cost information.
13. Enter the plan contact information as indicated.

Model COBRA Continuation Coverage Election Notice
(For use by single-employer group health plans)

IMPORTANT INFORMATION: COBRA Continuation Coverage and other Health Coverage Alternatives

- 1** #1 [Enter date of notice]
- 2** Dear: #2 [Identify the qualified beneficiary(ies), by name or status]

This notice has important information about your right to continue your health care coverage in the [enter name of group health plan] (the Plan), as well as other health coverage options that may be available to you, including coverage through the Health Insurance Marketplace at www.HealthCare.gov or call 1-800-318-2596. You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. Please read the information in this notice very carefully before you make your decision. If you choose to elect COBRA continuation coverage, you should use the election form provided later in this notice.

Why am I getting this notice?

- 3** You're getting this notice because your coverage under the Plan will end on #3 [enter date] due to #4 [check appropriate box]:

- 4**
 - End of employment
 - Reduction in hours of employment
 - Death of employee
 - Divorce or legal separation
 - Entitlement to Medicare
 - Loss of dependent child status

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage through COBRA continuation coverage when there's a "qualifying event" that would result in a loss of coverage under an employer's plan.

What's COBRA continuation coverage?

COBRA continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries who aren't getting continuation coverage. Each "qualified beneficiary" (described below) who elects COBRA continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan.

Who are the qualified beneficiaries?

- 5** Each person ("qualified beneficiary") in the category(ies) checked below can elect COBRA continuation coverage: #5

Sample 3A

- Employee or former employee
- Spouse or former spouse
- Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage
- Child who is losing coverage under the Plan because he or she is no longer a dependent under the Plan

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, Medicare, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it's important that you choose carefully between COBRA continuation coverage and other coverage options, because once you've made your choice, it can be difficult or impossible to switch to another coverage option.

6 If I elect COBRA continuation coverage, when will my coverage begin and how long will the coverage last?

7 If elected, COBRA continuation coverage will begin on **#6** [enter date] and can last until **#7** [enter date].

8 **#8** [Add, if appropriate: You may elect any of the following options for COBRA continuation coverage: [list available coverage options]. Continuation coverage may end before the date noted above in certain circumstances, like failure to pay premiums, fraud, or the individual becomes covered under another group health plan.

Can I extend the length of COBRA continuation coverage?

If you elect continuation coverage, you may be able to extend the length of continuation coverage if a qualified beneficiary is disabled, or if a second qualifying event occurs. You must notify [enter name of party responsible for COBRA administration] of a disability or a second qualifying event within a certain time period to extend the period of continuation coverage. If you don't provide notice of a disability or second qualifying event within the required time period, it will affect your right to extend the period of continuation coverage.

For more information about extending the length of COBRA continuation coverage visit dol.gov/sites/dolgov/files/EBSA/about-ebbsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf

Sample 3A

How much does COBRA continuation coverage cost?

COBRA continuation coverage will cost: **#9** [enter amount each qualified beneficiary will be required to pay for each option per month of coverage and any other permitted coverage periods.]

Your cost may change at the same time premium changes are made to the plan for all active employees.

9

Single: \$ _____ Two-party: \$ _____ Family: \$ _____

You don't have to send payment with the election form. Important additional information about payment for COBRA continuation coverage is included in the pages following the election form.

Other coverage options may cost less. If you choose to elect continuation coverage, you don't have to send any payment with the Election Form. Additional information about payment will be provided to you after the election form is received by the Plan. Important information about paying your premium can be found at the end of this notice.

You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. You can learn more about the Marketplace below.

What is the Health Insurance Marketplace?

The Marketplace offers "one-stop shopping" to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at www.HealthCare.gov.

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

When can I enroll in Marketplace coverage?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is a "special enrollment" event. **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an "open enrollment" period, anyone can enroll in Marketplace coverage.

Sample 3A

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit www.HealthCare.gov.

If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a “special enrollment period.” But be careful though - if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage once your election period ends.

Can I enroll in another group health plan?

You may be eligible to enroll in coverage under another group health plan (like a spouse’s plan), if you request enrollment within 30 days of the loss of coverage.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you’re eligible, you’ll have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?

In general, if you don’t enroll in Medicare Part A or B when you are first eligible because you are still employed, after the initial enrollment period for Medicare Part A or B, you have an 8-month special enrollment period¹ to sign up, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

¹ <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>. These rules are different for people with End Stage Renal Disease (ESRD).

Sample 3A

If you don't enroll in Medicare Part B and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and then enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA will pay second. Certain COBRA continuation coverage plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information visit <https://www.medicare.gov/medicare-and-you>.

What factors should I consider when choosing coverage options?

When considering your options for health coverage, you may want to think about:

- **Premiums:** Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other options, like coverage on a spouse's plan or through the Marketplace, may be less expensive.
- **Provider Networks:** If you're currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider options for health coverage.
- **Drug Formularies:** If you're currently taking medication, a change in your health coverage may affect your costs for medication – and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- **Severance payments:** If you lost your job and got a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some plans limit their benefits to specific service or coverage areas – so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.
- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.

Sample 3A

For more information

This notice doesn't 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 Plan Administrator.

If you have questions about the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, contact #10 *[enter name of party responsible for COBRA administration for the Plan, with telephone number and address]*.

10

Employer or plan administrator: _____

Contact: _____

Address: _____

Phone number: _____

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at <http://www.dol.gov/ebsa> or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

Keep Your Plan Informed of Address Changes

To protect your and your family's rights, keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you send to the Plan Administrator.

Instructions for COBRA Continuation Coverage Election Form (Sample 3B)

The COBRA Continuation Coverage Election Form (Sample 3B) will notify HMSA of employees or dependents who choose a COBRA plan. Please print and fill it out following the instructions below and mail it to HMSA.

1. Enter the date the Election Form must be postmarked by. It should be 60 days from the date of the Election Notice.
2. Enter the name of the group health plan.
3. Enter applicant's name, birth date, relationship to employee, and Social Security number (or other identifier).
4. Enter the name of the employer/plan administrator and contact information as indicated.
5. Mail the form to:
HMSA
Membership Services
P.O. Box 860
Honolulu, HI 96808-0860

For use by single-employer group health plans

Sample 3B

COBRA Continuation Coverage Election Form

To choose COBRA continuation coverage, complete this election form and return it to us. Under federal law, you have 60 days after the date of the COBRA continuation coverage election notice to decide whether you want COBRA continuation coverage under the plan. Send the completed form to the contact and address below.

This election form must be completed, mailed, and postmarked no later than **1**.

If you don't submit a completed election form by the due date, you won't be eligible for COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your mind as long as you submit a completed form before the due date. However, if you change your mind after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date that you sent the completed election form.

Read the information in the pages after the election form.

I (We) elect COBRA continuation coverage in the **2** (the Plan) as indicated below:

Name	Birth Date	Relationship to Employee	SSN (or other identifier)
3			

Signature: _____ Date: _____

Name: _____

Relationship to individual(s) listed above: _____

Address: _____

Phone number: _____

Name of group health plan: _____

Employer or plan administrator: **4** _____

Contact: _____

Address: _____

Phone number: _____

Important Information About Payment

First payment for continuation coverage

You must make your first payment for continuation coverage no later than 45 days after the date of your election (this is the date the Election Notice is postmarked). If you don't make your first payment in full no later than 45 days after the date of your election, you'll lose all continuation coverage rights under the Plan. You're responsible for making sure that the amount of your first payment is correct.

Send your first continuation coverage payment to:

HMSA
P.O. Box 4720
Honolulu, HI 96812-4720

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you'll have to make periodic payments for each coverage period that follows. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due **first of each month for that coverage period**. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break. The Plan will send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you'll be given a grace period of 30 days after the first day of the coverage to make each periodic payment. You'll get continuation coverage for each coverage period as long as payment for that coverage period is made before the end of the grace period. If you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you don't make a periodic payment before the end of the grace period for that coverage period, you'll lose all rights to continuation coverage under the Plan.

Sample 3C

Your first payment and all periodic payments for continuation coverage should be sent to:

HMSA
P.O. Box 4720
Honolulu, HI 96812-4720

Instructions for COBRA Notification Procedures (Sample 4)

Qualified beneficiaries must notify plan administrators or employers of a qualifying event, a second qualifying event, or where the Social Security Administration determines disability. These procedures must be provided to employees, usually around the time of hire, so they can provide such notice. Before using the sample document, you should review and revise it to ensure consistency with your plan's procedures.

1. Enter the name of the plan administrator or indicate that the plan administrator is the employer.
2. Enter on the form, "Required by the plan administrator" (if a form will be created). Also indicate if email is an acceptable form of notification. If it is, include the email address to use with instructions to keep a hard copy of the email.
3. Enter the address the written notification must be sent to. Include email address, if applicable.

Sample 4

COBRA Notification Procedures

You must notify the plan administrator in writing within 60 days of the qualifying event or the termination of coverage when you experience one of the following:

- Divorce or legal separation.
- Your child doesn't qualify anymore as a dependent under the plan.
- A second qualifying event.

For an extension due to a determination of disability by the Social Security Administration, the notification must be provided to the plan administrator within 60 days of the later of the:

- Date of the disability determination.
- Date of the qualifying event.
- Date that you would have lost coverage as a result of the original qualifying event.

The plan administrator is _____ **1**

The notification must be provided in writing. _____ **2**

Include the following information in the notice:

- Name(s) of the affected individual(s).
- Date of the qualifying event.
- Short description of the facts related to the event.

If the qualifying event is a divorce or legal separation: Include a copy of the divorce decree or separation agreement.

If the event is a disability determination: Include a copy of the Social Security Administration's disability determination.

The notification should be sent to the plan administrator at the following address:

 _____ **3** _____

Instructions for Notice of Unavailability of COBRA Continuation Coverage (Sample 5)

1. Enter the date notice was received from the employee, spouse, or dependent.
2. Enter the name of the group health plan.
3. Enter the qualifying event or second qualifying event (e.g., divorce, legal separation, cessation of dependent status, disability determination).
4. Insert either "extended continuation coverage" (if request is for coverage pursuant to a second qualifying event or disability determination) or "continuation coverage" (if request is for an initial qualifying event).
5. Enter the name of the individual and/or dependent(s).
6. Enter the reason coverage is not available, including any plan provisions, facts, and/or COBRA provisions that form the basis of the decision.
7. Enter either "extended continuation coverage" or "continuation coverage" consistent with item 5 above.
8. Enter the date COBRA coverage terminated or will terminate.
9. Enter plan contact information as indicated.

For use by single-employer group health plans

Sample 5

Notice of Unavailability of COBRA Continuation Coverage

On 1 _____, we received your notice of a qualifying event for COBRA continuation coverage under 2 _____. Your notice stated that you're a qualified beneficiary entitled to COBRA continuation coverage because of _____ 3 _____.

Your notice was reviewed by the plan administrator or their designee. The name of the plan administrator and the plan administrator's contact information are at the end of this notice. Upon review, the plan administrator has determined that _____ 4 _____ is not available to _____ 5 _____ because _____ 6 _____. Therefore, you're not entitled to _____ 7 _____ and your coverage under the plan terminated or will terminate on _____ 8 _____.

If any of the addressees named above doesn't live with you at the above address, please let us know so we can provide a copy of this notice to those individuals.

If you have any questions, contact the plan administrator.

Plan Contact Information

Plan administrator: _____
 Contact: _____
 Address: _____ 9 _____

 Phone number: _____

Instructions for Notice of Early Termination of COBRA Continuation Coverage (Sample 6)

1. Enter the name of the group health plan.
2. Enter the last day of coverage.
3. Enter the names of the qualified beneficiary or beneficiaries who are losing coverage.
4. Check the applicable reason(s). If none apply, go to instruction #6 below.
5. Enter a description of cause for termination of COBRA coverage.
6. Enter plan administrator's name and contact information as indicated.

Sample 6

Notice of Termination of COBRA Continuation Coverage

This is a notice that COBRA continuation of health care coverage under the _____ **1**
 will end on _____ **2** for the following individuals:

If these individuals don't live with you at the above address, please let the plan administrator know so we can provide them with a copy of this notice. The plan administrator's name and contact information are at the end of this notice.

COBRA continuation coverage is ending before the expiration of the maximum period because:

- The premium was not paid on time or during the grace period.
- The individual(s) above became covered under another group health plan that doesn't deny coverage to people who have a serious ongoing health condition.
- 4** The individual(s) above became enrolled in Medicare.
- The employer stopped group employee health plan coverage.
- The individual(s) above were entitled to a 29-month maximum coverage period due to disability of a family member and the Social Security Administration determined that the family member is no longer disabled.
- For cause: _____ **5**

Under the plan, the individual(s) named above have the right to enroll in an individual conversion health insurance policy without providing proof of insurability. There's a time period for enrolling in this policy. Contact the plan administrator for more information or to enroll.

Plan administrator: _____

Contact: _____

Address: _____ **6**

Phone number: _____



Together, we improve the lives of our members and the health of Hawaii. Caring for our families, friends, and neighbors is our privilege.