

HUMAN RESOURCE POLICY

#4 (BEN)

COBRA – CONTINUATION OF HEALTH INSURANCE

Approved by: **Personnel Board 6/26/2014**

City Council 8/12/2014

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Pursuant to the Omaha Municipal Code, Section 23-65, this document is a Human Resource policy of the City of Omaha. Please check the City's website, <http://www.cityofomaha.org/humanresources/public-documents/hr-policies> for the latest version of this policy. Where no policy or guideline exists or if there are questions on this policy, please contact the Assistant Human Resources Director/Labor Relations Director in the Human Resources Department.

Purpose:

The purpose of this policy is both to set forth the legal requirements and regulations of the Consolidated Omnibus Budget Reconciliation Act (COBRA) and to reiterate the City's commitment to comply with the legislation. The policy will explain COBRA continuation coverage, when such coverage may become available to employees and their families, and what employees need to do to protect their right to get such coverage. When employees become eligible for COBRA, they also may be eligible for other insurance coverage options that may cost less than COBRA continuation coverage.

Policy:

A federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985, created the right to COBRA continuation coverage (COBRA). COBRA continuation coverage can become available to employees and other family members when group health coverage ("the Plan") would otherwise end. For more information about your rights and obligations under the Plan and under federal law, employees should review their respective Summary Plan Description administered by the City's third party health insurance administrator or contact the City's Benefits Manager.

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

What is COBRA continuation coverage?

COBRA continuation coverage is a continuation of insurance coverage when it would otherwise end because of a life event, also called a “qualifying event.” Specific qualifying events are listed later in this policy. After a qualifying event, COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” An employee, an employee’s spouse, and an employee’s dependent children can 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 must pay for COBRA continuation coverage.

Full-Time Employee Coverage

A full-time employee can become a qualified beneficiary if he/she loses their insurance coverage under the Plan because of the following qualifying events:

1. A full-time employee’s hours of employment are reduced, or
2. A full-time employee’s employment ends for any reason other than gross misconduct.

Full-Time Employee’s Spouse Coverage

A full-time employee’s spouse can become a qualified beneficiary if he/she loses their insurance coverage under the Plan because of the following qualifying events:

1. The full-time employee dies;
2. The full-time employee’s hours of employment are reduced;
3. The full-time employee’s employment ends for any reason other than gross misconduct;
4. The full-time employee becomes entitled to Medicare benefits (under Part A, Part B, or both); or
5. The spouse becomes divorced or legally separated from the full-time employee.

Full-Time Employee’s Dependent Children Coverage

A full-time employee’s dependent children can become qualified beneficiaries if they lose their insurance coverage under the Plan because of the following qualifying events:

1. The parent-employee dies;
2. The parent-employee’s hours of employment are reduced;
3. The parent-employee’s employment ends for any reason other than his or her gross misconduct;
4. The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
5. The parents become divorced or legally separated; or
6. The child stops being eligible for coverage under the Plan as a “dependent child.”

When is COBRA continuation coverage available?

The City will offer COBRA continuation coverage to qualified beneficiaries only after the City of Omaha Human Resources Department has been notified by the qualified beneficiary via the application provided by the City that a qualifying event has occurred. The City will notify its third party insurance administrator of the qualified beneficiary’s qualifying events:

FOR ALL QUALIFYING EVENTS DEFINED ABOVE, THE EMPLOYEE OR PROPER DESIGNEE MUST NOTIFY THE CITY OF OMAHA HUMAN RESOURCES DEPARTMENT, VIA THE PROPER APPLICATION, WITHIN SIXTY (60) DAYS AFTER THE QUALIFYING EVENT OCCURS.

You must provide this notice, via mail, email, fax, or delivered in person to:

City of Omaha Human Resources Department Benefits Division
1819 Farnam Street, Suite 506
Omaha, NE 68183-0506

How is COBRA continuation coverage provided?

Once the Human Resources Department Benefits Division 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 eighteen (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 thirty-six (36) months of coverage.

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

1. Disability extension of 18-month period of COBRA continuation coverage

If an employee or anyone in the employee's family covered under the Plan is determined by Social Security to be disabled and the employee notifies the Benefits Division in a timely fashion, then the employee and their entire family may be entitled to get up to an additional eleven (11) months of COBRA continuation coverage, for a maximum of twenty-nine (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. Proper notice to the Benefits Division must be done by the City application described above and include all required information or documentation, within the proper timeframe.

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

If an employee's family experiences another qualifying event during the eighteen (18) months of COBRA continuation coverage, the spouse and dependent children in the employee's family can get up to eighteen (18) additional months of COBRA continuation coverage, for a maximum of thirty-six (36) months, if the Benefit Division is properly notified about the second qualifying event. This extension may be available to the employee's 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 employee's spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

The Human Resources Department will compute the amount of monthly single, single+1, or family premium required for COBRA continuation and such amounts are subject to annual adjustments as permitted under federal law. The first premium for such coverage must be included (except for pensioners who elect automatic deduction) and will be applied to the first month after coverage ceases. Checks must be payable to the City of Omaha. Unless automatic deduction is chosen, ongoing premium payments must be made by check, mailed or delivered to the Benefits Division (address above), and received within five (5) working days of each month or coverage will cease as of the preceding month. The City will not send out billing statements or reminders about ongoing payments – it is the responsibility of the covered person to send in the monthly premium within the time set out in this policy.

It is also the responsibility of the employee or covered person to let the City of Omaha Human Resources Department Benefits Division know about any changes in the addresses of family members.

Other coverage options besides COBRA Continuation Coverage?

Instead of enrolling in COBRA continuation coverage, employees may be entitled to other coverage options for themselves and their family through the Health Insurance Marketplace, Medicaid, 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 and employees are encouraged to learn more about many of these options at www.healthcare.gov.

Questions?

Questions concerning the Plan or COBRA continuation coverage rights should be addressed to the City of Omaha Human Resources Department Benefits Division. For more information about 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, employees should contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in the 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.