Main Points

- Individuals must make written notice within 60 days after the latter of the date coverage terminated due to a qualifying event or the date notice is sent of his or her right to elect COBRA continuation.
- To be eligible for COBRA, individuals must already be participants in the state's group health, dental or vision program. COBRA participants may add new dependents within 60 days of the date the dependent is acquired.
- All past due premiums are due no later than 45 days after the initial application is signed. COBRA premiums are not prorated.
- The state will bill participants each month for COBRA coverage. These billings are generated on approximately the 5th of each month for the following month's coverage. All premiums are due the last day of the month for the following month's coverage. If the participant elects to be drafted through ACH, their account will automatically be deducted on or around the 15th of the month.
- Failure to pay premiums by the due date, regardless of being notified, is the responsibility of the participant. Coverage will automatically be terminated and cannot be reinstated if the correct monthly premium is not paid by the end of the month.
- Benefits Administration must be notified if the employee's and/or dependent's mailing address changes, or if they become Medicare eligible or insured with another group health plan.
- Acceptance of payment neither guarantees coverage nor ensures eligibility.
- No one may extend coverage through COBRA for more than a total of 36 consecutive months from one employer.
- If an employee fails to report a dependent becoming ineligible for coverage within 60 days of the loss of eligibility, the dependent will not be offered COBRA.

Tennessee Department of Finance and Administration. Authorization Number 317335, 0 copies, October 2020. This public document was promulgated at a cost of $0.01 per copy.

Continuing Insurance Through COBRA

Eligibility rules for participation in the state group insurance program through COBRA are based on the policies of the group insurance program and federal legislation.

Medical benefits through COBRA follow the same restrictions and guidelines as the state's group health plans. Benefits are outlined in the *Plan Document*.

PARTNERS FOR HEALTH

Coverage Options

If you and/or your dependents lose insurance coverage, you may be able to continue coverage with the state group insurance program for a limited time through COBRA.

However, there may be other health insurance coverage options for you and your family through the Health Insurance Marketplace and you could be eligible for a new kind of tax credit that lowers your monthly premiums right away. Please call 800.318.2596 or visit HealthCare.gov to see what your premiums, deductibles and out-of-pocket costs will be before you make a decision to enroll in health insurance through the Marketplace. In addition, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

What Is COBRA?

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) is a federal law that allows eligible employees and/or dependents (spouse and children) who are losing their health, dental or vision benefits to continue coverage in certain circumstances where coverage might otherwise end. Qualified beneficiaries may be eligible to continue coverage for a specific length of time following certain qualifying events provided application is made within 60 days of the loss of eligibility. Through COBRA, individuals pay the entire monthly premium plus a two percent administrative fee, and may be able to remain insured with their health plan for up to 18, 29, or 36 months.

All COBRA benefit questions should be directed to Benefits Administration at 615.741.3590 or 800.253.9981. Current premiums are available from the Benefits Administration website at
tn.gov/finance or from your agency benefits coordinator.

Who Is Eligible?

COBRA coverage is available to qualified beneficiaries. Qualified beneficiaries include an employee, the employee's eligible spouse and dependent children who were covered under the state group insurance program immediately prior to termination.

Qualifying Events for Employees

Employees already insured may continue single or family health, dental or vision coverage for a maximum of 18 months if coverage is lost due to one of the following events:

- Employment is terminated (either voluntary or involuntary) for any reason other than gross misconduct
- Work hours are reduced below the eligibility criteria making the employee ineligible for coverage (example: changing to a part-time position)

Qualifying Events for Dependents

Dependents already insured may continue coverage under COBRA for 18 months based on the events listed for employees. Furthermore, dependents may continue coverage for an additional 18 months — maximum of 36 months — if coverage is lost due to one of the following events:

- The employee's death
- The employee and spouse divorce
- A dependent child is no longer eligible as a dependent (over age 26 unless incapacitated)

If the employee becomes entitled to Medicare within 18 months prior to termination of employment, the covered dependents may continue coverage for up to 36 months from the employee's Medicare entitlement. The former employee must provide documentation of Medicare entitlement to Benefits Administration before the end of the 18-month extension.

If an employee or dependent is entitled to Medicare or enrolled in another group health plan at the time they experience a qualifying event, they may enroll in COBRA coverage. However, an employee continuing coverage through COBRA who later becomes entitled to Medicare or enrolls in another group health plan may no longer continue COBRA coverage. The group health plan

enrollment restriction will be waived if the other group health plan has a preexisting condition clause and a condition exists that is not covered by the other plan.

No one may extend health coverage through COBRA for more than 36 consecutive months from one employer. (For example, if the extension of coverage for a family began with the 18-month period and one of the covered dependent children becomes ineligible because of the age limit for dependents, the child must transfer to an individual COBRA contract to continue the 36 months coverage. The dependent's total months of coverage with both contracts may not exceed 36 months.)

Disability Extension

If the Social Security Administration has determined a qualified beneficiary to be disabled under Title II or Title XVI of the Social Security Act and the disability period begins or continues for any period of time during the first 60 calendar days of COBRA continuation coverage, that qualified beneficiary is entitled to elect an additional 11 months (total of up to 29 months from the date of the qualifying event) of COBRA continuation coverage. In the case of a qualified beneficiary who is a child born to or placed for adoption with a covered employee during a period of COBRA continuation coverage, the period of the first 60 calendar days of COBRA continuation coverage is measured from the date of birth or placement for adoption. This same 11-month disability extension applies to each qualified beneficiary entitled to COBRA because of a qualifying event described in Section 4.09(A)(1) or (2) above. To qualify for this extension of coverage, the qualified beneficiary must have been disabled within the time periods described above, and must obtain a social security determination to that effect.

In order to qualify, an award letter from the SSA must be sent by the COBRA participant to Benefits Administration before the expiration of the 18-month qualifying event of SSA's disability determination. To expedite this extension, the participant should submit this documentation within 60 days after receipt of the award letter.

Coverage for disabled participants who qualify for this extension will end when the SSA determines the participant is no longer disabled or the extension period has ended. The COBRA participant must notify Benefits Administration within 30 days if SSA determines that the individual is no longer disabled.

How Do I Enroll?

Participation in COBRA is not automatic. The employee or dependent has the obligation to provide notice of becoming ineligible for coverage within 60 days after the date of the qualifying event or they will not be entitled to COBRA. To continue coverage, the following guidelines must be met.

1) The employee or dependent must complete, sign and return a COBRA application to Benefits Administration within 60 days of the latter of the date coverage would end or the date on the notification letter. If the participant becomes covered with another insurance plan, the participant may only continue COBRA coverage with the state if their new coverage has a preexisting condition clause. In these instances written documentation must be submitted from the employer or claims administrator explaining that plan's preexisting condition clause and how long it applies. A letter from a physician stating the preexisting condition must also be submitted.

2) As there must not be a lapse in coverage, past due premium payments must be sent to the state within 45 days of the date the application is signed by the appropriate person. Claims will not be processed until such time as all current premiums are paid.

Benefits Administration will send a COBRA notification letter with an application to an employee's home address automatically within 30 days from the date insurance coverage terminates if:

- An employee's job terminated
- A job appointment changed causing reduced work hours
- An employee dies

It is very important that the application be signed by the appropriate person. This would be:

- The employee, if the employee is continuing coverage
- The dependent (ex-spouse, widow or single dependent) wanting to continue coverage
- The oldest child, if only children are extending family coverage

Employees and/or dependents continue the same coverage they had when active. The same eligibility, benefits, guidelines and restrictions apply. There will be no change in the process for submitting claims and, for claims purposes, the identification number will remain the same if the employee is retaining coverage. Continued enrollment is subject to all regular terms and conditions including non-payment or reduced benefits for non-emergency services received out-of-network without prior approval of the claims administrator.

When Will Coverage End?

Continuation of coverage through COBRA will end on the earliest of the following:

- The premium is not paid by the due date.
- The date after electing COBRA that the participant first becomes insured with another group health plan. (If the other plan contains a preexisting condition clause that affects the covered individual, coverage will not end for that individual as long as the exclusion or limitation applies.)
- The date after electing COBRA that the participant first becomes entitled to Medicare (refer to Medicare provision).
- The date the participant no longer meets the plan's eligibility guidelines.
- The last day of the appropriate 18-, 29- or 36-month extension period.
- The plan terminates.

When any of these events occur, the covered person is no longer eligible to continue health coverage through COBRA. It is the participant's responsibility to notify Benefits Administration, in writing, when they become ineligible under these guidelines. Legal action will be taken to recover any benefits provided to an enrollee who was not eligible for coverage. All questions concerning eligibility rules should be directed to Benefits Administration.

Medicare Provision

If a former employee becomes entitled to Medicare during an 18-month extension they may not continue COBRA coverage. However, the dependents are entitled to continue for the 18 months from the employee's termination of employment.

Premiums

COBRA premiums are equal to 102 percent of the total monthly premium (employee and employer contribution). Premium payments are due by the last day of the month for the following month's coverage. Premium payments are automatically set up on a cash basis, where the participant sends a check for the premium. If desired, we can automatically deduct the premium electronically from the participant's bank account each month. The necessary forms may be obtained from a representative in Benefits Administration.

Premiums must be paid by the enrollee from the day coverage would have terminated. Payment must cover the period of coverage from the date of the COBRA election retroactive to the date of the loss of coverage due to the qualifying event. Payment of past due premiums is due within 45 days of the date the application is signed and mailed.

Acceptance of payments by the state does not guarantee coverage. If an employee and/or dependent is not eligible to extend coverage through COBRA or becomes ineligible after the extension begins, any premium payment(s) made after ineligibility occurs will be refunded to the employee or dependent. Any paid medical claims must be refunded to the appropriate health plan by the employee or dependent.