

COBRA CONTINUATION COVERAGE

KNOW YOUR RIGHTS

Your right to continue your health coverage for yourself and your family when you are not otherwise eligible for coverage is granted to you under a federal law known as the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). This is a summary of that right.

To ensure that you receive information regarding your rights to continue health coverage in a timely manner, it is important to notify the Teachers Health Trust of any address changes. Failure to notify the Teachers Health Trust may result in delayed notifications or in a loss of continuation coverage options.

You and/or your dependents are eligible to individually purchase continued health coverage under COBRA for limited time periods under certain circumstances, which are referred to as “qualifying events.” Once covered by COBRA, covered individuals are referred to as “qualified beneficiaries.”

In order to be eligible for COBRA, a qualified beneficiary must have been covered by a health plan the day before the qualifying event under COBRA. Qualified beneficiaries must have continuous coverage. For example, a participant on a leave of absence must continue his or her eligibility by self-paying premiums to be eligible to elect COBRA upon termination of employment at the end of the leave of absence.

An exception to this rule applies if, while on continuation coverage, a baby is born to or adopted by the qualified beneficiary. In this event, the newborn or adopted child can be added to the plan and will acquire the rights of all other qualified beneficiaries. All enrollment procedures and timelines for adding these dependents must be followed.

QUALIFIED BENEFICIARIES

The term “qualified beneficiary” refers to an individual who was covered under the plan on the day before the qualifying event. Eligible individuals include:

- Covered employees;
- Covered former employees; and
- Covered spouse and/or dependent children of the employee, former employee, or retired employee.

The term “qualified beneficiary” shall also include a child who is born to or placed for adoption with the covered employee during the period of continuation coverage.

QUALIFYING EVENTS

Qualifying events include:

- Death of a covered employee.
- Termination or reduction of hours of a covered employee’s employment.
- The divorce or legal separation of a covered employee from the employee’s spouse.
- A dependent ceases to be a dependent of a covered employee under the requirements of the plan.
- A covered employee becomes entitled to Medicare.

COBRA BENEFIT CHANGES

OPEN ENROLLMENT

Qualified beneficiaries are entitled to the same rights as similarly situated active employees who have not experienced a qualifying event. These rights extend to open enrollment periods. Changes to coverage made during open enrollment begin the following January 1 and remain in effect until you change it during the next annual enrollment period or at a life event.

ADDING NEW DEPENDENTS

Qualified beneficiaries can add a new dependent to the plan providing the active employees are allowed to add dependents under similar circumstances. If the addition of dependents would cause any increase in COBRA premiums, this increase is effective on the date of the life event.

If, during the COBRA continuation period, a newborn or adopted child is placed with the covered employee, they must add the dependent within 31 calendar days of the birth or adoption. As a result, the newborn or adopted child will gain the status of a “qualified beneficiary.”

18-MONTH QUALIFYING EVENTS

COBRA law specifies three qualifying events that provide all qualified beneficiaries with 18 months of continuation coverage. These are: 1) voluntary termination, 2) involuntary termination, or 3) reduction of hours.

The 18 months are measured from the date of the qualifying event. Each qualified beneficiary is entitled to 18 months of continuation coverage. This includes the covered employee, spouse, and covered dependents.

18-MONTH QUALIFYING EVENT + SOCIAL SECURITY DISABILITY

If an individual is deemed disabled by the Social Security Administration, he/she will receive Medicare benefits approximately 29 months after the date of the disability. When a qualified beneficiary experiences a termination of employment or reduction in hours, they only qualify for 18 months of COBRA continuation coverage. To assist qualified beneficiaries, COBRA provisions allow all qualified beneficiaries to extend the 18 months of coverage to 29 months of COBRA coverage. This allows the qualified beneficiaries to remain covered by COBRA until the Medicare coverage begins.

- The qualified beneficiary must be deemed disabled according to Title II or XVI of the Security Act by the Social Security Administration.
- The Social Security Administration must determine a qualified beneficiary was disabled at the time of the qualifying event or any time during the first 60 days of COBRA continuation coverage and within 18 months of initial coverage.
- The extension is not limited to the disabled qualified beneficiary. It applies to all qualified beneficiaries.
- It is the qualified beneficiary’s responsibility to obtain and submit the disability determination from the Social Security Administration within 60 days of the determination and within 18 months of initial coverage.
- The Teachers Health Trust can charge up to 150% of the applicable premium during the extended 11-month COBRA period, as long as the disabled qualified beneficiary extends the COBRA coverage.
- A qualified beneficiary who has qualified for the extension must notify the Teachers Health Trust within 31 calendar days if a final determination is made that they are no longer disabled.

NOTE: It can sometimes take several months for a Determination of Disability to be made by the Social Security Administration. Remember, it is the qualified beneficiary's responsibility to secure the Determination of Disability from the Social Security Administration.

36-MONTH QUALIFYING EVENT

COBRA law specifies four qualifying events that provide eligible qualified beneficiaries with 36 months of continuation coverage:

1. Death of an employee.
2. Medicare entitlement. (If an employee becomes entitled to Medicare, and if the Medicare entitlement causes a loss of coverage under the plan, then the Medicare entitlement is a COBRA qualifying event for covered dependents.) Entitlement to Medicare means the qualified beneficiary is actually covered under Medicare Parts A and B.
3. Divorce or legal separation.
4. Dependent ceases to qualify as a dependent under the plan; e.g., a dependent over age 19 is no longer a full-time student.

The 36 months of coverage is measured from the date of the qualifying event. It is the participant's responsibility to notify the Teachers Health Trust when divorce or legal separation occurs or when a dependent has ceased to be a dependent under the plan.

COBRA ELECTION PERIOD

A participant electing COBRA coverage has 60 calendar days from the date of the qualifying event or the date the qualified beneficiary is sent notice of his or her right to elect COBRA continuation coverage, whichever is later. COBRA coverage will not be effective until all COBRA premium payments are current. Failure to complete the election form within 60 calendar days will result in forfeiture of COBRA rights.

COBRA COVERAGES

Qualified beneficiaries will receive the same selection of plans available to active participants.

The Term Life benefit is not available under COBRA. You may continue Term Life on an individual basis.

COBRA PREMIUMS

The qualified beneficiaries are responsible for the entire cost of COBRA coverage. There is no contribution received from the CCSD.

Monthly premiums are fixed for a 12-month period of time, called the determination period. The determination period for the Teachers Health Trust is January 1 through December 31. COBRA premium rates may be adjusted at the beginning of each determination period.

If you elect to continue coverage through COBRA, you have 45 calendar days from your election date to pay the premium for the initial coverage period. Thereafter, premiums are due no later than the 20th of the month prior to the month of coverage, with a maximum 31-day grace period.

COBRA payments must be postmarked on or before the last day of the 31-day grace period to be considered timely. Failure to pay your premiums within the 31-day grace period will result in termination of COBRA rights.

CANCELLATION OF COBRA

COBRA continuation coverage will end prior to the maximum continuation period for any of the following reasons:

- The Teachers Health Trust ceases to provide any group health plan to any of its employees.
- Any required premium for continuation coverage is not paid in a timely manner.
- A qualified beneficiary becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of such beneficiary other than such an exclusion or limitation which does not apply to or is satisfied by such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- A qualified beneficiary becomes entitled to Medicare.
- A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability, and a final determination has been made that the qualified beneficiary is no longer disabled.
- A qualified beneficiary notifies the Teachers Health Trust he/she wishes to cancel COBRA continuation coverage.

PAYMENTS

All COBRA premium payments should be sent to:

Teachers Health Trust
P.O. Box 96238
Las Vegas, NV 89193-6238

Premium contributions must be made by personal check or money order payable to the Teachers Health Trust and received from you no later than the 20th of each month prior to the month of coverage. Neither you nor your dependents will be eligible for benefits unless you are current with your premium payments.

All COBRA participants should direct questions concerning continuation coverage to the Trust at 702-794-0272 or 800-432-5859. The Trust Service Department can also be reached by e-mail at serviceteam@teachershealthtrust.org.

If a due date mentioned in this notice falls on a Saturday, Sunday, or holiday, the due date extends to the next business day.
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CERTIFICATE OF HEALTH INSURANCE PORTABILITY

If your COBRA coverage ends after June 1, 1997, a Certificate of Health Insurance Portability will automatically be sent to you. The new Certificate of Health Insurance Portability will detail the total time covered under the Teachers Health Trust group health plan (from June 1, 1996, forward) and the type of health care plan you were covered under. The time covered under the Teachers Health Trust group health plan after July 1, 1996 (including COBRA coverage) will be used to offset a new employer's pre-existing condition period. Questions regarding a new employer's pre-existing condition period should be directed to the new employer.

If your COBRA coverage ceases prior to June 1, 1997, and you need to certify coverage under the Teachers Health Trust health plans at a later date, you can request a Certificate of Health Insurance Portability after June 1, 1997, but no later than 24 months after the date your COBRA coverage ceased. This request must be made in writing to the Teachers Health Trust at the address listed below:

Teachers Health Trust
P.O. Box 96238
Las Vegas, NV 89193-6238