

## **Cobra Guidelines**

VADA will send the termination form or cancellation form for all employees to Business Resource Services.

If the individual wishes to elect the COBRA extension of coverage, Business Resource Services will invoice them on a monthly basis. Subsequent to their COBRA election, Business Resource Services will provide customer service relative to COBRA notification and billing administration, in addition to processing any changes to their medical and/or dental membership.

Please direct any questions regarding COBRA administration to Kim Gauthier at VADA – 802.461.2655 ext. 2

## **Extension of Benefits (COBRA)**

Every covered employee and his dependent(s) have the right to choose to continue coverage under the Plan if coverage terminates for specific reasons, referred to as "qualifying events". This right is protected under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986. This plan provision is referred to as COBRA continuation coverage.

The ***employee*** has the right to choose COBRA continuation coverage under the plan if coverage terminates for any of the following reasons:

1. The employee's termination of employment for reasons other than gross misconduct.
2. The employee's retirement or reduction in hours of employment.

The ***employee's covered dependent*** have the right to choose COBRA continuation coverage under the plan if coverage terminates for any of the following reasons:

1. The employee's termination of employment for reasons other than gross misconduct.
2. The employee's retirement or reduction in hours of employment.
3. The employee's death.
4. The employee's divorce or legal separation.
5. The employee becomes entitled to Medicare benefits.
6. The employee's dependent child ceases to be an eligible dependent as such term is defined in the Plan.

## **COBRA continuation coverage is subject to the following rules and procedures:**

1. The employer must notify the Plan Administrator of an employment related qualifying event within thirty (30) days of the event.
2. The covered employee or covered dependent must notify the Plan Administrator of a non-employment related qualifying event within sixty (60) days of the event.
3. The Plan Administrator must notify the covered person in writing of his right to COBRA continuation coverage within fourteen (14) days from the date the Plan Administrator is notified of a qualifying event.
4. The covered person has sixty (60) days from the date of written notice or qualifying event, whichever is later, to notify the Plan Administrator of his decision to elect COBRA continuation coverage.
5. COBRA continuation coverage will begin the 1<sup>st</sup> of the month following the qualifying event.
6. COBRA continuation coverage will be identical to the coverage provided under the Plan.
7. To receive COBRA continuation coverage, no evidence of insurability will be required, but a monthly premium will be charged.
8. The monthly premium will be 102%: or, if applicable, 150% of the fully insured premium. All premium payments are due in advance and include the cost of the next month of COBRA continuation coverage.
9. The initial premium payment is due within forty-five (45) days of election COBRA continuation coverage. The payment should cover all premiums in full from the beginning of the COBRA coverage period.
10. The maximum grace period for payment of monthly COBRA coverage premiums shall not exceed thirty (30) days from the due date established by the Plan Administrator or his authorized agent.

## **Covered employees and dependents shall be able to obtain COBRA continuation coverage for a maximum term of:**

1. Eighteen (18) months following the date of termination of the employee's employment or a reduction in the employee's hours of employment resulting in the loss of coverage.
2. The eighteen (18) months may be extended to twenty-nine (29) months following the date of termination of the employee's employment or a reduction in the employee's hours of employment resulting in the loss of coverage if the employee is disabled under Title II (OASDI) or Title XVI (SSI) of the Social Security Act at the time of the qualifying event. Beginning with the nineteenth (19th) month, the established COBRA premium shall be increased to 150% of the fully insured premium for the current plan benefits.

3. Continuation for eligible dependents may be continued for up to thirty-six (36) months from the date of the original qualifying event for COBRA coverage should the employee die, become legally separated, divorced, Medicare eligible or should the dependent child lose dependent status before the expiration of the eighteen (18) months.

In no event will COBRA coverage continue beyond thirty-six (36) months from the date of the original qualifying event.

**Covered dependents shall be able to obtain COBRA continuation coverage for a maximum term of:**

1. Thirty-six (36) months following the date of the employee's death, legal separation, divorce, the dependent child's loss of dependent status.

**COBRA continuation coverage may be terminated prior to the expiration of the applicable time period as follows:**

1. The Plan Administrator no longer provides group health/dental coverage to any of its employees.

2. The applicable monthly premium for COBRA coverage is not paid within thirty (30) days of due date.

3. The person who has elected COBRA coverage becomes entitled to Medicare benefits or becomes covered under another group health/dental plan which does not contain any exclusion or limitation with respect to any pre-existing condition of such covered person. (NOTE: Should COBRA continuation provide coverage for such pre-existing condition, COBRA continuation coverage will be primary for the applicable pre-existing conditions only and shall provide secondary coverage to all other covered expenses).

4. The qualified beneficiary who has elected COBRA coverage becomes covered under another group health and/or dental plan which does not contain any exclusion or limitation with respect to any pre-existing condition of such covered person. (NOTE: Should COBRA continuation provide coverage for such pre-existing condition, COBRA continuation coverage will be primary for the applicable pre-existing conditions only and shall provide secondary coverage to all other covered expenses.)

5. The unique disability continuation period will end as of the first day of the month that begins more than thirty (30) days after the date of final determination under the Social Security Act that the qualifying beneficiary is no longer disabled.