

# COBRA & Retiree Administration

# Disclaimer

Washington Counties Insurance Fund staff shares information regarding various rules, laws, and provisions. In no way are we legal advisors. This presentation is not intended to give legal advice. COBRA regulations are complex, and employers should consult legal counsel concerning their responsibilities when administering COBRA. Failure to comply with regulations may result in fines.

# Agenda

- COBRA: What is it and what does it do?
  - Group Health Plans subject to COBRA
  - Who is eligible for COBRA? Qualified Beneficiaries
  - Qualifying Events
  - COBRA Notices
  - Duration of COBRA Coverage
  - Premium
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- Retiree Plans
  - Vimly contact information

# COBRA: What is it and what does it do?

The Consolidated Omnibus Budget Reconciliation Act (COBRA).... requires group health plans to provide a temporary continuation of group health coverage that otherwise might be terminated.

COBRA requires continuation coverage to be offered to covered employees, former employees, their spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain specific events, called qualifying events.

For more information visit: <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra>

# Group Health Plans subject to COBRA

- Any arrangement that an employer establishes or maintains to provide employees or their families with medical care, whether it is provided through insurance, by a health maintenance organization, out of the employer's assets, or through any other means. "Medical care" includes for this purpose:
  - Inpatient and outpatient hospital care,
  - Physician care,
  - Surgery and other major medical benefits,
  - Prescription drugs, and
  - Dental and vision care.

Note: FSA & HRA plans are subject to COBRA since they reimburse for eligible care.

From An Employer's Guide to Group Health Continuation Coverage Under COBRA:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# Group Health Plans subject to COBRA

- Life insurance and disability benefits are not considered “medical care.” COBRA does not cover plans that provide only life insurance or disability benefits.

From An Employer’s Guide to Group Health Continuation Coverage Under COBRA:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# Who is eligible for COBRA?

## Qualified Beneficiaries

A qualified beneficiary is an employee who was covered by a group health plan on the day before a qualifying event occurred. In addition to the employee, qualified beneficiaries are also the following individuals:

- Employee's spouse (or former spouse)
- Employee's dependent child
- Any child born or placed for adoption with a covered employee during a period of continuation coverage is automatically considered a qualified beneficiary

A qualified beneficiary receiving continuation coverage must receive the same benefits, choices, and services that a similarly situated participant or beneficiary currently receives under the plan.

**Note:** while Domestic Partners may be eligible for coverage, they are not considered qualified beneficiaries under COBRA.

For more information visit: <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra>

# Qualifying Events: Employees

Qualifying events are events that cause an individual to lose group health coverage.

The following are qualifying events for a covered employee if they cause the covered employee to lose coverage:

- Termination of the covered employee's employment for any reason other than "gross misconduct," or
- Reduction in the covered employee's hours of employment (that impacts benefit eligibility)

From FAQs on COBRA Continuation Health Coverage for Workers:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/faqs/cobra-continuation-health-coverage-consumer.pdf>

# Qualifying Events: Dependents

- The following are qualifying events for a spouse and dependent child of a covered employee if they cause the spouse or dependent child to lose coverage:
  - Termination of the covered employee's employment (other than "gross misconduct"),
  - Reduction in hours worked by the covered employee,
  - Covered employee becomes entitled to Medicare,
  - Divorce or legal separation of the spouse from the covered employee, or
  - Death of the covered employee
- In addition to the above, the following is a qualifying event for a dependent child of a covered employee if it causes the child to lose coverage
  - Loss of "dependent child" status under the plan rules (example: child reaches the age of 26)

From FAQs on COBRA Continuation Health Coverage for Workers:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/faqs/cobra-continuation-health-coverage-consumer.pdf>

# COBRA Notices

- COBRA General Notice (or Initial Notice)
- COBRA Qualifying Event Notices
  - Employee's notice to employer
  - Employer notice to plan administrator
- COBRA Election Notice
- COBRA Notice of Unavailability of Continuation Coverage
- COBRA Notice of Early Termination of Continuation Coverage

Note: for groups subject to ERISA, a Summary Plan Description is also required

For more information visit: <https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf>

# COBRA General Notice

- Employers must provide a General Notice describing COBRA rights and plan contact information to each employee and spouse who become covered under the plan. A model COBRA General Notice is available at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/laws/cobra/model-general-notice.doc>
- The general notice must be provided within the first 90 days of coverage.
- For notice distribution, the Department of Labor (DOL) disclosure regulations provide examples of acceptable distribution methods. For more information on distribution, visit [www.dol.gov](http://www.dol.gov)

Note: for groups with COBRA eligible plans through WCIF, the employer is responsible for sending the General Notice.

# COBRA Qualifying Event Notices: Employer

A group health plan must offer continuation coverage if a qualifying event occurs. The employer, employee or beneficiary must notify the group health plan of the qualifying event, and the plan is not required to act until it receives an appropriate notice. Who must give notice depends on the type of qualifying event.

The employer is required to notify the plan if the qualifying event is:

- Termination or reduction in hours of employment of the covered employee;
- Death of the covered employee;
- A covered employee becoming entitled to Medicare; or
- Employer bankruptcy.

The employer must notify the plan within 30 days after the event occurs.

From An Employer's Guide to Group Health Continuation Coverage Under COBRA:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# COBRA Qualifying Event Notices: Employee

The covered employee or one of the qualified beneficiaries must notify the plan if the qualifying event is:

- Divorce
- Legal separation, or
- A child's loss of dependent status under the plan

Note: WCIF provides a COBRA Notice to Employer of a Qualifying Event on [www.wcif.net](http://www.wcif.net) which requires the employees to provide the information to their employer within 60 days of the event's occurrence.

Also, Vimly tracks and automatically terms enrolled dependent children who lose dependent status by turning age 26.

From An Employer's Guide to Group Health Continuation Coverage Under COBRA:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# COBRA Election Notice

When the plan receives a notice of a qualifying event, the plan must give the qualified beneficiaries an election notice, which describes:

1. Their rights to continuation coverage, and
2. How to make an election

The notice must be provided to the qualified beneficiaries within 14 days after the plan administrator receives the notice of a qualifying event.

From An Employee's Guide to Health Benefits Under COBRA: <https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf>

- Each qualified beneficiary must be given at least 60 days to elect COBRA coverage.
- Each qualified beneficiary must be given an independent right to elect continuation coverage.

[https://www.cms.gov/ccii/programs-and-initiatives/other-insurance-protections/cobra\\_qna.html](https://www.cms.gov/ccii/programs-and-initiatives/other-insurance-protections/cobra_qna.html)

# COBRA Notice of Unavailability of Continuation Coverage

Group Health plans may sometimes deny a request for continuation coverage or for an extension of continuation coverage. If a request is made and the plan determines that the qualified beneficiary is not entitled to the requested coverage for any reason, the plan must give the person who requested it a notice of unavailability of continuation coverage. The notice must be provided within 14 days after the request is received, and the notice must explain the reason for denying the request.

For more information visit An Employee's Guide to Health Benefits Under COBRA:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf>

**Note:** The Department of Labor has not issued a model notice for the Unavailability of Continuation Coverage

# Duration of COBRA Coverage

COBRA requires that continuation coverage extend from the date of the qualifying event for a limited period of 18 or 36 months. The length of time for which continuation coverage must be made available (the “maximum period” of continuation coverage) depends on the type of qualifying event.

- When the qualifying event is the covered employee’s termination of employment (for reasons other than gross misconduct) or reduction in work hours, qualified beneficiaries must be eligible for 18 months of continuation coverage.
- There are two circumstances under which individuals entitled to an 18-month maximum period of continuation coverage can become entitled to an extension of that maximum.
  - When one of the qualified beneficiaries is disabled;
  - When a second qualifying event occurs.

From An Employer’s Guide to Group Health Continuation Coverage Under COBRA:

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# Early Termination

- A group health plan may terminate continuation coverage earlier than the end of the maximum period of any of the following reasons:
  - Premiums are not paid in full on a timely basis,
  - The employer ceases to maintain any group health plan,
  - A qualified beneficiary begins coverage under another group health plan after electing continuation coverage,
  - A qualified beneficiary becomes entitled to Medicare benefits after electing continuation coverage, or
  - A qualified beneficiary engages in fraud or other conduct that would justify terminating coverage of a similarly situated participant or beneficiary not receiving continuation coverage.
- If continuation coverage is terminated early, the plan must provide the qualified beneficiary with an early termination notice.

From An Employer's Guide to Group Health Continuation Coverage Under COBRA:

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# Premium

- Premium cannot exceed 102% of the cost of the plan for similarly situated individuals covered under the plan who have not incurred a qualifying event (150% for disabled qualified beneficiaries receiving the 11-month extension).
- Qualified Beneficiaries have 45 days after the COBRA election for making an initial premium payment (failure to make timely payment can terminate the qualified beneficiary's COBRA rights).
- 30-day grace period for each payment

For more information see An Employer's Guide to Group Health Continuation Coverage Under COBRA:  
<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employers-guide-to-group-health-continuation-coverage-under-cobra.pdf>

# Retiree Plans

WCIF offers dental, vision, pre-65 medical, as well as Medicare Supplement plans to retirees of employers offering WCIF plans to their active employees.



**Washington Counties Insurance Fund  
2019 Benefit Plan Comparison  
for Retirees**

- Retiree Medical Plans for Under Age 65 (former WCIF medical enrollees only)
- Retiree Medical Plans for Over Age 65 (all eligible retirees)
- Retiree Dental Plans (former WCIF dental enrollees only)
- Retiree Vision Plan (former WCIF vision enrollees only)

# Retiree Plans: Dental & Vision

- Employee must have formally declared retirement, and
- Must have been enrolled with the same carrier(s) in the WCIF active dental and/or vision (and/or COBRA) plan(s) immediately prior to enrollment in the retiree plan (i.e. active employees who were Delta Dental participants immediately prior to enrollment in the retiree plan are only eligible for Delta Dental retiree plan. Likewise, active employees who were Willamette Dental participants are only eligible for retiree coverage through Willamette. Also, active employees enrolled on a VSP vision plan will be eligible for retiree coverage through VSP.)

# Retiree Plans: Under age 65 medical

- Employee must have formally declared retirement, and
- Must have been enrolled with the same carrier in the WCIF active (and/or COBRA) medical plan immediately prior to enrollment in the retiree plan (i.e. active employees who were Premera medical participants immediately prior to enrollment in the retiree plan are only eligible for the Premera retiree plan(s). Likewise, active employees who were Kaiser Permanente\* medical participants are only eligible to enroll in the Kaiser Permanente retiree plan.)

\*Kaiser Permanente HMO (CORE) plans are only available to retirees living within the service area.

# Core HMO service area



# Retiree Plans: Over age 65 medical

- Employee must have formally declared retirement, and
- Must have participated in a WCIF plan as an active employee (enrollment in any WCIF plan will trigger eligibility), and
- Must be over 65 and enrolled in Medicare Parts A and B.

Note: Active employees and their dependents are not eligible to enroll in the Medicare Supplement plan through WCIF.

# When coverage ends

For under age 65 retirees, coverage ends on the earliest of:

- The date the retiree fails to pay premium, or
- The date the former employer terms the applicable line of coverage (medical, dental, and/or vision) with WCIF, or
- The date the WCIF contract with the carrier is terminated\*, or
- For under age 65 medical, WCIF medical coverage ends when the retiree turns 65 and becomes eligible for Medicare

For over age 65 retirees, coverage ends on the earliest of:

- The date the retiree fails to pay premium, or
- The date the WCIF contract with the carrier is terminated\*

\*If a carrier contract is terminated, WCIF would generally attempt to provide an alternate plan.

# Vimly Benefit Solutions

## COBRA contact information

Vimly Benefit Solutions  
P.O. Box 65  
Mukilteo, WA 98275

(206) 859-2600  
[cobra@vimly.com](mailto:cobra@vimly.com)

## Retiree contact information

Vimly Benefit Solutions  
P.O. Box 6  
Mukilteo, WA 98275

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[wcif@vimly.com](mailto:wcif@vimly.com)