

YOUR RIGHTS UNDER C.O.B.R.A.

1. Q. What is C.O.B.R.A.?

A. C.O.B.R.A. stands for the Consolidated Omnibus Budget Reconciliation Act of 1985. The Act was passed by Congress in 1986 and it requires certain employers to provide, at group rates, continued health insurance coverage for up to three (3) years for divorced persons, widows, spouses of retiring workers and their children. These benefits must also be provided for workers and their dependents when the worker is terminated (for reasons other than gross misconduct) or who has a reduction in hours.

2. Are all employers affected by C.O.B.R.A.?

No. The Act affects employers who:

- have twenty (20) or more employees; and
- are not covered by governmental or church plans.

3. How long will coverage under C.O.B.R.A. last?

If you and your spouse are divorcing, you can remain covered by your ex-spouse's employer for up to three (3) years. Widows, spouses of retiring workers and children who are no longer dependent can also be covered for up to three (3) years.

4. What kind of coverage can I obtain?

C.O.B.R.A. requires that employers offer identical coverage to C.O.B.R.A. recipients as is provided to any other beneficiary. If the plan has "core" or "basic" coverage and also options that may be added (such as dental coverage), you may elect to receive only the core coverage, or as many additional benefits as you wish.

5. How do I get coverage under C.O.B.R.A.?

If you and your spouse are divorcing, and your spouse is employed by a company that is affected by C.O.B.R.A., you are a "qualified beneficiary". It is your or your spouse's responsibility to notify the plan administrator of your divorce within sixty (60) days of the date of the final divorce decree. Once you have notified the plan administrator, the company has fourteen (14) days to send you information describing your rights under C.O.B.R.A. You will then have sixty (60) days to decide if you want to be covered under C.O.B.R.A. Other qualified beneficiaries include dependent children,

spouses of retiring employees and widows of previous employees. All qualified beneficiaries are subject to the same rules.

6. *Who will pay the premiums?*

The employer will no longer pay your premiums once you elect C.O.B.R.A. coverage. You or your ex-spouse will have to pay these premiums and this may well have an effect on how much coverage you want beyond the basic or core coverage. The employer will charge you the same group rate that an employee must pay. However, a maximum surcharge of two-percent (2%) can be charged to you by the company for administrative costs. The employer also has to allow you to pay the premium in monthly installments if you would like.

7. *Is there any way that my coverage can terminate before the three (3) years?*

Yes. In the following circumstances, your coverage would terminate:

- If the employer should decide not to offer a group health plan to any employee;
- If you or your ex-spouse fail to pay your premium;
- If your ex-spouse gets another job; or
- If you become eligible for Medicare or certain Social Security benefits.

8. *If I remarry, will I lose my C.O.B.R.A. health insurance?*

It depends. If you remarry but do not receive coverage under your new spouse's group health plan, you may retain your C.O.B.R.A. coverage. To lose your C.O.B.R.A. coverage you must remarry AND become covered under another group plan.

9. *Are there any special conditions that might exclude me from coverage?*

Usually not. In most cases, you are not required to have a physical exam. If your deductible has been met for that year, it will carry over to your separate policy. Also, you will not lose coverage due to pre-existing conditions. This means that any ongoing illness or condition you have that was covered prior to divorce will still be covered by your policy under C.O.B.R.A.