

# **Continuation of Group Health Insurance Coverage Under COBRA**

**(Federal law applying to groups of 20 or more employees)**

**NOTE WELL:** Under Colorado Law HB 1353, effective 1/1/03, the employer must notify the insurance company **NOT LATER THAN** the last day of the month terminated! Premium payment is required for the month in which the insurance company receives notification.

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Under the *Consolidated Omnibus Budget Reconciliation Act (COBRA)* of 1986, a departing (or otherwise qualified) employee may continue medical **and** dental coverage under an employer-sponsored health plan if the employee was covered on the day before either the departure, or the qualifying event †. **It is required that every eligible departing employee be offered – IN WRITING – the option to continue coverage. It is STRONGLY RECOMMENDED that the COBRA Continuation form be given to the departing employee in person prior to his/her departure. If this is not possible, it is STRONGLY RECOMMENDED that the COBRA form be mailed to the employee by Certified Mail Return Receipt as proof that the employee was offered COBRA.**

When an employee is terminated, follow the procedures below. Use the **Group Health Insurance Continuation Form** as well as any additional form(s) required by your insurance company.

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## ***If an employee elects to continue coverage:***

- 1) **FAX and mail original forms to your broker at *Group Insurance Analysts*.** Your broker will forward.
- 2) Place copies in company file.
- 3) Give copies to departing employee.
- 4) Mail copies to insurance company with the next bill. **Enter the employee's termination date on the bill, and include the departing employee's premium amount in the group payment.**

\*\*\*Remember: The employer is required to pay a departing employee's premium for the entire month of their departure, regardless of the day of departure during that month.

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## ***If an employee declines the option to continue coverage:***

- 1) **FAX and mail original forms to your broker at *Group Insurance Analysts*.** Your broker will forward.
- 2) Place copies in company file.
- 3) Give copies to departing employee.
- 4) Mail copies to insurance company with next bill. **Line through the employee's name and enter the employee's termination date on the bill. Most companies prefer that you pay the premium as billed, and wait for a credit on your next bill. However, some companies allow you to deduct the departing employee's premium amount from the group payment. Please determine which procedure your company prefers.**
- 5) **NOTE WELL: If an employee terminates on the last day of the month: FAX a termination form directly to the insurance company on THAT day (if possible). If not possible, then FAX on the first business day following. If necessary, the termination form can be signed by the employer, instead of the employee. If so done, cross out "employee", enter "employer", and print the name and title of the employer representative beneath the signature.**

\*\*\*Remember: the employer is required to pay a departing employee's premium for the entire month of their departure, regardless of the day of departure during that month.

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**Please read the COBRA forms carefully!** There are other factors concerning COBRA that may be pertinent to a particular case. Please direct questions regarding COBRA to either your broker at *Group Insurance Analysts*, or your insurance company.

† For other qualifying events, see page 2.

# Group Health Insurance Continuation Under COBRA Form

(Groups of 20+ Employees)

<b>Business Name</b>		<b>Group Number</b>	
<b>Business Address</b>			

<b>Employee Name</b>			
<b>Social Security Number</b>		<b>Termination Date</b>	

Your group health insurance will be/was terminated effective at the end of this day: \_\_\_\_/\_\_\_\_/\_\_\_\_. This is the last day of the month in which your employment will be/was terminated (or your hours were reduced below the minimum requirement).

To continue coverage, you must **return this form, and your insurance company's COBRA Form**, to the business above **no later than 60 days after your insurance termination date or you will lose your eligibility for coverage continuation.**

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***Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986, a covered employee has the right to continue group health and/or dental insurance if he/she is eligible under one of the following qualifying events:***

- a) Employment has been terminated for reasons other than gross misconduct.
- b) The employee's hours have been reduced to below the minimum for eligibility.

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***Under COBRA, a covered family member may be eligible to continue coverage if he/she qualifies through one of the following events:***

- a) Is the spouse or child of a deceased covered employee.
- b) Is divorced or legally separated from a covered employee (applies to spouse and children).
- c) Is the child of a covered employee losing dependent coverage when they become older than the maximum age.
- d) If the covered employee becomes eligible for *Medicare*.

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***The health coverage for a terminated employee can be continued for up to 18 months. The health coverage for a covered employee's dependent(s) can be continued for up to 36 months. The coverage for any individual on continuation will be terminated if:***

- a) The individual on continuation fails to pay the premium to the group policy administrator by the required date.
- b) The individual on continuation becomes eligible for other group coverage.
- c) The individual on continuation becomes eligible for *Medicare* coverage.
- d) The employer ceases to provide any group insurance plan to its employees.

In order to continue coverage under the group plan, you will be required to pay monthly premiums in the amount of \$ \_\_\_\_\_ for MEDICAL and \$ \_\_\_\_\_ for DENTAL. The premium must be received by the business at the address indicated above **not later than the 25th of every month, PRIOR to the premium due date, OR on the following day designated by the business:** \_\_\_\_\_ . If payment is not received as specified, continuation coverage will be terminated. **(for example: Payment must be received not later than 25 May for the June premium, which is due to the insurance company by June 1st.)**

A covered employee, spouse, or dependent child **must decide whether or not to continue coverage no later than 60 days from the date health coverage under the group plan terminated.** If you do not respond by the final election date, you will forfeit all rights to continue coverage.

The first payment for COBRA continuation is applied to the time period commencing immediately after the date coverage originally terminated. The initial premium payment must be made within 45 days of the date of election, and the payment must include **any and all back-premium** because coverage must be continuous. All subsequent premiums must be received by the business on or before the deadline specified by the business, or continuation coverage will be terminated.

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**Please indicate your continuation preference for both medical and dental coverage.**

***I elect to continue my MEDICAL coverage under the group plan beginning \_\_\_\_/\_\_\_\_/\_\_\_\_.***

***I decline the option to continue my group MEDICAL coverage.***

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***I elect to continue my DENTAL coverage under the group plan beginning \_\_\_\_/\_\_\_\_/\_\_\_\_.***

***I decline the option to continue my group DENTAL coverage.***

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***As the departing employee, please sign and date this form in the area below to acknowledge your understanding of the rights and options as presented by your employer and as dictated by federal regulation.***

<b>Signature</b>			
<b>Printed Name</b>		<b>Date</b>	