

CONTINUATION COVERAGE RIGHTS UNDER COBRA

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage, under the City of Stamford insurance plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a “qualifying event.” Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse’s hours of employment are reduced;
- Your spouse’s employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee’s hours of employment are reduced;
- The parent-employee’s employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a “dependent child.”

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the City of Stamford, Benefits Department has been notified that a qualifying event has occurred.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the City of Stamford Benefits Department within 30 days after the qualifying event occurs. You must provide this notice to:

Benefits Department
City of Stamford
P.O. Box 10152
Stamford CT 06904

How is COBRA continuation coverage provided?

Once the City of Stamford Benefits Department receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

When does COBRA continuation coverage begin?

COBRA continuation coverage begins after you make your first premium payment. At the time your first premium payment is made, your coverage will be retroactively restored to ensure there is no break between when your coverage was lost and when your COBRA continuation coverage begins.

How long will continuation coverage last?

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement.

Example. If a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months).

When the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months.

Under what circumstances is continuation coverage terminated before the end of the maximum period?

Continuation coverage will be terminated before the end of the maximum period if:

- The City of Stamford no longer provides group health coverage to any of its employees.
- Any required premium is not paid; your coverage will not be terminated for non-payment of premiums until you have been contacted by the City of Stamford Benefits Department.
- A qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary.
- A qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

How can you extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs and the initial coverage period is less than 36 months. You must notify the City of Stamford Benefits Department of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the City of in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the City of Stamford Benefits Department. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

How can you elect COBRA continuation coverage?

To elect continuation coverage, you must complete the Election Form and submit it to the City of Stamford Benefits Department within 60 days following the later of the date your coverage was lost or the date of your COBRA notice. If the Election Form is mailed to the Benefits Department, the election date is the postmarked date.

How much does COBRA continuation coverage cost?

Each qualified beneficiary must pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent of the cost to the group health plan (including both City of Stamford Benefits Department and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period is provided in the COBRA Continuation Notice.

When and how must payment for COBRA continuation coverage be made?

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the Election Form. You must make your first payment for continuation coverage no later than 45 days after the date of your election. (This is the date the Election Form is postmarked, if mailed.) If you do not make your first payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan.

The amount of your first premium payment is based upon:

- the monthly premium for coverage for one individual, two individuals or three or more individuals,
- the date you make your election, and
- premium for the period of coverage prior to the date you make your election.

Example: Your coverage ends on August 31st. You have until October 30th to make an election. You make your election on October 16th. Your first premium payment is due no later than November 30th. The amount of your first premium payment is equal to three months of premium coverage for September, October and November.

Contact the Benefits Department for the specific amount of your first premium payment.

Monthly Premium payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to make monthly premium payments for each subsequent coverage period. You will receive notification of the amount due for each coverage period for each qualified beneficiary is shown in your COBRA Premium Notice. The monthly premium payments can be made on a monthly basis. Under the Plan, each of these monthly payments for continuation coverage is due on the 1st day of each month for that coverage period. If you make a monthly payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break.

Example: Your coverage ends on August 31st. You have until October 30th to make an election. You make your election on October 16th. Your first premium payment is due no later than November 30th. The amount of your first premium payment is equal to three months of premium coverage for September, October and November. You make your outstanding premium payment by November 30th. Your premium payment for December is due on December 1st. Since your ongoing premium payments are subject to a 30-day grace period, you must make your premium payment by December 30th. If you don't make your premium payment by December 30th, your coverage is terminated retroactive to the first day of that month.

All monthly premium payments for continuation coverage should be made payable to the City of Stamford Benefits Department, P.O. Box 10152, Stamford Connecticut 06904.

For more information, contact the City of Stamford Benefits Department at 203-977-4070.