

Q & A on the expansion of New Jersey Continuation P.L. 2004, c.162

Q: When are the amendments **effective** ?

A: March 7, 2005 for new groups and as groups renew beginning March 7, 2005. So, if a group renews August 1, that group will not get the new expansions until someone has a qualifying event **on or after** August 1.

Q: To **what employers** does this apply ?

A: To any employer in the N.J. small group market of 2-50 eligible employees to whom COBRA does not apply.

Q: Are **church** groups eligible ?

A: Yes they are which differs from Federal COBRA.

Q: To what **employees** does this apply ?

A: Any employee or dependent covered by a N.J. small group contract regardless of where s/he works or lives and who was covered under the group plan (even for one day).

Q: What does this **amendment** do ?

A: It extends coverage to 18 months from the current 12 months for employees.

It allows continuation for dependents without the employee for 36 months.

It allows those deemed Medicare disabled within the first 60 days of continuation to extend coverage to 29 months.

These timeframes totally duplicates Federal COBRA.

Q: What are the **qualifying events** for continuation ?

A: Termination of employment for other than cause and reduction of hours to below 25 (different than Federal COBRA). Dependents can continue with the employee or have their own right(s) to continue if the employee dies, divorces the spouse or when children are no longer eligible.

Q: What are the **notice requirements** ?

The employer is obligated to provide a notice for the employee.

No obligation exists to provide notification for dependents (as with Federal COBRA).

Q: What **coverage** must be continued ?

A: Medical only. Not dental. I understand one carrier is also allowing dental coverage but this is not mandated.

Q: What is the **election period** ?

A: 30 days (Federal COBRA is 60).

Q: **Who pays the premium** and how much ?

A: Continues pay 100% (which includes the employer contribution) plus employers may impose a 2% surcharge (same as Federal COBRA).

Employers may charge up to 150% for those extending coverage to 29 months due to Medicare disability.