

CITY OF APPLETON POLICY	TITLE: COBRA POLICY	
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I. PURPOSE

The purpose of this policy is to be in compliance with Federal regulations ensuring that employees and their dependents are offered insurance as required by law.

II. POLICY

It is the policy of the City of Appleton to follow the federally mandated Consolidated Omnibus Budget Reconciliation Act of 1985 (commonly known as COBRA) and the Health Insurance Portability and Accountability Act of 1996 (commonly known as HIPAA).

III. DISCUSSION

This policy defines how the City of Appleton will follow the federal regulations and any changes made to the laws.

IV. DEFINITIONS

- A. COBRA (Consolidated Omnibus Budget Reconciliation Act): A Federal law that requires employers who sponsor health care plans to offer its employees and their dependents continuation when coverage would otherwise end because of a qualifying life event.
- B. Effective Date of COBRA Coverage: The Qualified Beneficiary will be removed from the City's policy coverage as of the date of loss of coverage. If the Qualified Beneficiary elects coverage, then the City will reinstate their coverage retroactive to the date after the loss of coverage.
- B. Election Notice: A document specifying details for a qualified beneficiary of the opportunity to continue qualified health care plan coverage(s).

- C. Election Period: The time frame during which the qualified beneficiary may choose to elect continuous coverage.
- D. Group Health and Dental Plans: A plan to provide health and dental coverage to the employees, former employees or their dependents who were otherwise eligible for coverage. This plan will be rated as a group plan rather than an individual policy.
- E. HIPAA: is the acronym for the Health Insurance Portability and Accountability Act that was passed by Congress in 1996. HIPAA does the following:
 - Provides the ability to transfer and continue health insurance coverage for millions of American workers and their families when they change or lose their jobs;
 - Reduces health care fraud and abuse;
 - Mandates industry-wide standards for health care information on electronic billing and other processes; and
 - Requires the protection and confidential handling of protected health information.
- F. Premium Payment Deadlines: The Qualified Beneficiary has a forty-five day grace period after electing COBRA to make their initial payment. The Qualified Beneficiary must pay all premiums back to the COBRA effective date. After initial payment, the Qualified Beneficiary will have to make payment the first of each following month with a 30 day grace period each month.
- G. Qualified Beneficiary(s): An individual covered under a group health plan the day before a qualifying event occurs (i.e., the employee, employee' spouse and employee's dependent children).
- H. Qualified Employee: Any employee that would otherwise be eligible for benefits.
- I. Qualifying Event: A specified event that results in the loss of group plan coverage.

V. PROCEDURES

A. COBRA

1. Employer Notification Requirements

The City of Appleton shall send to each covered employee and spouse of the employee at the time of commencement of coverage under the plan, written notice of any rights provided under COBRA.

Notices will also be sent to newly covered spouses of current employees within 30 days of the date of marriage.

Election notices of COBRA rights will be mailed to all covered employees and spouses when their eligible group plan coverage(s) terminate(s).

2. Employee Notification Requirements

It is the responsibility of the employee to notify the City of Appleton Human Resources Benefits Coordinator when a qualifying event occurs. The employee or family member must give this notice within 60 days after the qualifying event occurs.

Under the law, continuation coverage must be elected within 60 days after Plan continuation ends, or if later, 60 days after the date of the notice of the right to elect continuation coverage.

3. Coverage Periods & Qualifying Events

- a. 18 Months Coverage for Qualified Employee & Beneficiaries for:
 - 1. Any voluntary or involuntary termination of employment for any reason other than for “gross misconduct”.
 - 2. Reduction in employment hours which would result in the loss of coverage.
- b. 24 Months Coverage:
 - 1. For employees who are absent due to service in the uniformed services and/or their dependents.
 - 2. Coverage will continue until the earlier of 24 months beginning the first day of absence from employment due to service in the uniformed services or the day after the employee fails to return to employment as required by USERRA, after completion of a period of service.
 - 3. Under federal law, the period of coverage available under USERRA shall run concurrently with the COBRA period available to an employee and/or eligible dependents.
- c. 36 Months Coverage for Qualified Beneficiaries for:
 - 1. Employee’s death
 - 2. Employee’s entitlement to Medicare
 - 3. Divorce or legal separation from a covered employee
 - 4. Loss of dependent status under the plan provisions
- d. 29 Month Qualifying Event
 - 1. Any qualified beneficiary disabled within 60 days of the qualifying event is entitled to up to a total of 29 months of COBRA coverage in order to remain covered until Medicare. The qualified beneficiary must provide notice of such determination prior to the end of the initial 18 months continuation period to be entitled to the additional 11 months of coverage.
 - 2. HIPAA allows entire family of disabled individual to continue an additional 11 months
- e. Multiple Qualifying Event
 - 1. When a death, divorce, legal separation or dependent ineligibility occurs during an 18-month continuation, qualified beneficiaries may extend coverage for 36 months from the original qualifying event date.
 - 2. Employee’s entitlement to Medicare - If the employee is entitled to Medicare at the time of an initial qualifying event due to termination or reduction of hours worked, then the period of continuation for other qualified beneficiaries is the later of 36 months from the date of Medicare entitlement, or 18 months from the date of the qualifying event. If, on the other hand, the employee becomes

entitled to Medicare during the initial continuation period of 18 months following the original qualifying event, then the other qualified beneficiaries will be entitled to continuation not to exceed 36 months from the date of the original qualifying event.

An individual electing COBRA coverage must pay the current monthly premium directly to the City of Appleton.

4. Termination of Coverage

The City will cancel COBRA coverage if:

- a. Qualified beneficiary fails to make timely payments. The first grace period is 45 days from date of election and subsequent grace periods is 30 days from beginning of each month.
- b. Qualified beneficiary becomes covered by another group health plan.
- c. Qualified beneficiary becomes entitled to Medicare.
- d. The City of Appleton terminates coverage for all similarly situated active employees.
- e. Qualified beneficiary ceases to be disabled according to Social Security after the 29-month extension has started. Qualified beneficiary is to notify the City of Appleton within 30 days of no longer qualifying for Social Security Disability.
- f. The occurrence of any event (e.g. submission of a fraudulent claim) permitting termination of coverage for cause under the Plan.

B. Flexible Spending Account (FSA) Coverage Options

1. Employee can cancel their Flex Account as of their last day of employment. The employee must submit any claims to the FSA vendor within 30 days from their last day to request their money out of their account. Dates of service being submitted must be prior to the last day of employment with the City.
2. Elect COBRA continuation for the remainder of the plan year. The City can take the remaining annual election off the final paycheck on a pre-tax basis. This will give the employee the ability to claim all the money elected for the year for any claims dated through December 31st.
3. Elect COBRA continuation for a selected number of months. Payments would be made monthly to the City with after tax dollars but would allow the employee to extend the date of service claims during the additional months paid for. (For example – employee terms May 25 but dependent child is getting braces on July 15. This allows employee to pay for two months COBRA flex spending and allows all money contributed through July 31 to be withdrawn for any claims dated January 1 through July 31.)
4. Requirements: Employee must elect continuation coverage within 60 days of the loss of coverage date. Elections made after the final payroll check is cut will be paid with after tax dollars. Employee must make timely payments to the City.

C. HIPAA

1. Requirements

If the qualified employee or dependent is losing eligibility on another group health plan, they may have the right to special enroll (enroll without waiting until the next

open season for enrollment) in the City's group health coverage. To have a special enrollment opportunity, the employee or dependent must have had other health coverage when they previously declined the City's coverage. They must request special enrollment within 30 days from the loss of their job-based coverage with the Human Resources Benefits Coordinator.

2. Certificate of Coverage

- a. "On Request" certificates of creditable coverage will be provided: whenever an individual requests a certificate. When requested within 24 months after coverage ceased for the individual. Whenever a request has been made in a reasonable and prompt manner.
- b. A certificate of creditable coverage will be requested of the employee if they are electing coverage in the City's plan outside of the regular open enrollment process. The certificate would be provided by the Employer of the plan they are losing or from the insurance company of the prior plan.