

**CITY OF NEW ORLEANS
CHIEF ADMINISTRATIVE OFFICE**

POLICY MEMORANDUM NO. 96 (R)

June 28, 2019

TO: All Departments, Boards, Agencies, and Commissions

FROM: Gilbert Montano, Chief Administrative Officer



SUBJECT: Consolidated Omnibus Budget Reconciliation Act (COBRA) Coverage

I. PURPOSE

The purpose of COBRA is to provide qualified employees with a means of continued health coverage for themselves, as well as their beneficiaries, should an event occur that subjects them to termination of employment. COBRA is an employer-sponsored continuation of group medical, dental, vision and prescription drugs insurance coverage. City of New Orleans employees, spouses, former spouses, domestic partners, and dependents, who lose eligibility due to a qualifying event, may opt to continue medical, dental, vision and prescription drugs insurance without having to submit evidence of insurability for themselves or covered dependents. City of New Orleans retirees and dependents may also qualify for COBRA continuation coverage under qualifiable events.

A. DEFINITIONS

1. **Qualifying events** – Qualifying events are events that cause an individual or beneficiary to lose group health coverage under a group plan. The type of qualifying event determines who the qualified beneficiaries are and the maximum length of time the plan must offer continuation of coverage.
2. **Qualified beneficiary** – Qualified beneficiary is an individual covered by a group health plan on the day before a qualifying event occurred. Qualifying beneficiary includes: the employee, employee's spouse, former spouse or domestic partner, and dependents. Children born or placed for adoption with a covered employee during the continuation of coverage are automatically considered as a qualified beneficiary.
3. **Special Enrollment** – You may have a right to a special enrollment opportunity under a federal law known as the Health Insurance Portability and Affordability Act (HIPAA). HIPAA creates a special right for employees and dependents to enroll in employer's group health plan when eligibility for other health coverage is lost; when a new dependent is added to your family through marriage, birth, or adoption; or when your state Medicaid or CHIP (Children's Health Insurance Program) decides to pay a portion of the premium for such plans. This right applies only to people who are eligible for coverage under the employer's plan.

4. **Plan Administrator** – The Plan Administrator is the City of New Orleans Benefits Administration Division.

II. BACKGROUND

The right to health insurance continuation coverage was created by federal law through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA health benefit provisions amend the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code and the Public Health Service Act (PHSA) to require group health plans to provide a temporary continuation of group health coverage that otherwise might be terminated. The Department of Health and Human Services administers the continuation coverage law as it applies to state and local governmental health plans under Title 42 The Public Health and Welfare, Chapter 6A Public Health Service, Subchapter XX Requirements for Certain Group Health Plans for Certain State and Local Employees (sections 300bb-1 to 300bb-8).

III. GENERAL NOTICE OF CONTINUATION COVERAGE

The City of New Orleans shall provide written notice to each covered employee and their spouse or domestic partner of their right to continuation coverage within the first 90 days of health insurance coverage.

A. The general notice shall contain at least:

1. Name of the plan under which continuation coverage is available;
2. The name, address, and telephone number of the plan's point of contact;
3. General description of the continuation coverage;
4. Qualified beneficiaries;
5. Types of qualifying events;
6. Obligation of the department's human resources division to notify the plan administrator of the occurrence of certain qualifying events;
7. Maximum period of which the coverage will be available;
8. When and under what circumstances the coverage may be extended;
9. Plan's payment requirements;
10. Responsibility of a qualified beneficiary to notify the plan administrator of a qualified disabled beneficiary and to keep the plan administrator informed of any changes of address for any participant;
11. Statement that the notice does not fully describe continuation coverage or other rights under the plan;

B. The department's human resources division must notify the plan administrator within 30 days from the date of termination if the qualifying event is a resignation, reduction of hours of employment, death, or Medicare entitlement.

C. The employee or beneficiary must notify the plan administrator within 60 days from the date of termination if the qualifying event is a divorce, legal separation, or a child's loss of dependent status under the plan.

- D. The plan administrator must provide the qualified beneficiary an election notice within 14 days after being notified of qualifying event.

IV. ENTITLEMENT

Employees and their qualifying dependents are entitled to elect COBRA continuation coverage only when the City of New Orleans group health plan is covered by COBRA. The employee and their beneficiary must also meet the requirements of a qualifying event.

V. ELIGIBILITY

To be eligible for COBRA coverage, employee must have been enrolled in the City's Health Care Plan on the day before the qualifying event occurred. Employees have 60 days from the date when initial notification of ineligibility is received or the coverage date termination, whichever is later, to elect COBRA. If the employee does not choose COBRA, the group health insurance coverage will terminate in accordance with the City Health Care Plan contract.

VI. COVERAGE

City of New Orleans' employees, spouses, former spouses, domestic partners, and dependents covered by the City Health Care Plan, have the right to elect COBRA if group health coverage is lost as a result of a qualifying event. The continuation coverage period is customarily 18 months but may be extended under certain circumstances. (See COBRA coverage extension).

- A. The following are qualifying events for a covered employee, spouse, former spouse, domestic partner, and dependents:
1. Employee's termination of employment for reasons other than gross misconduct;
 2. Employee's reduction in hours of employment;
 3. Employee's entitlement to Medicare;
 4. Employee's divorce or legal separation; or
 5. Employee's death;
 6. Loss of "dependent child" status under the plan rules. Under the Affordable Care Act, plans that offer coverage to children on their parents' plan must make coverage available until the adult child reaches the age of 26.
- B. The election form shall be completed and returned to the Benefits Administration Division, Chief Administrative Office, Room 9E06, City Hall, New Orleans, LA 70112.

VII. COBRA COVERAGE EXTENSION

The period of coverage for spouses, former spouses or domestic partners, and dependents may be extended under the following circumstances:

- A. If death of an employee, divorce, legal separation or change in dependent status occurs during the original 18 month period of coverage, coverage may be extended for an additional 18 months. This would result in a total of 36 months of coverage from the

date of the original eligibility. In order to receive this extension, the spouse, former spouse, domestic partner or dependent child must notify the Benefit Administration Division within 60 days of the occurrence of any of these events.

- B. If the covered employee becomes entitled to Medicare, the maximum continuation period may vary for the covered employee and dependents depending on the date of Medicare entitlement, but cannot exceed 36 months from the date of Medicare entitlement.
- C. Beneficiaries who are disabled under the Social Security Act at the time of COBRA enrollment, or who become disabled during the first 60 days of COBRA coverage and are not covered by Medicare, may extend COBRA benefits up to 11 months for a total maximum of 29 months (18 + 11) provided they notify the Benefits Administration Division before the end of the initial 18 months of COBRA and within 60 days of the disability determination.
- D. Employees may enroll newborns or adopted children, spouses or domestic partners in COBRA continuation coverage within 60 days of birth, placement for adoption, or marriage (or domestic partnership registration) respectively without the application of any pre-existing condition limitations.
- E. Employees may also add family members to their COBRA continuation coverage during open enrollment periods but are subject to pre-existing condition limitations. Employees must first complete Change of Status form and submit supporting documentation.
- F. Special enrollment - Employees and their dependents have the right to special enrollment in the City Health Care Plan if they have lost eligibility under another group health plan, as long as there was coverage when the City Health Care Plan was declined. Enrollment must be requested within 30 days from the loss of the other group health plan.
- G. Employees or dependents do not have to prove insurability in order to choose continuation coverage. However, they must pay the total premium, including the portion formerly paid by the City. Please refer to Department HR Manager for Election Form and continuation coverage premium chart.

VIII. COBRA COVERAGE TERMINATION

- A. The City Health Care Plan may terminate coverage earlier than the end of the maximum period for any of the following reasons:
 - 1. Premiums are not paid in full on a timely basis;
 - 2. The City no longer provides group health coverage to any of its employees;

3. A qualified beneficiary begins coverage under another health plan after electing continuation coverage;
4. A qualified beneficiary becomes entitled to Medicare benefits after electing continuation coverage; or
5. A qualified beneficiary engages in conduct that would justify the plan in terminating coverage of a similarly situated participant or beneficiary not receiving continuation coverage (such as fraud).

B. **COBRA** may also be terminated, with the exception of spouses or domestic partners of deceased employees and their eligible minor dependents, for the following reasons:

1. Employee becomes covered under another group health plan;
2. Employee becomes eligible for Medicare;
3. Divorced spouse from a covered employee subsequently remarries and is covered under new spouse's group health plan;
4. Domestic partnership is terminated and subsequently partner enrolls in another health care plan.

C. **Termination Notice.** The plan administrator must provide an early termination notice to the qualified beneficiaries as soon as practicable. Notice must include date coverage ends, reason for termination, and any rights the beneficiary may have under the plan or applicable law to elect alternative group or individual coverage.

IX. WAIVER

Employees have 60 days from the date they are furnished the election notice or the date coverage is lost to choose whether or not to elect continuation coverage. If employee waives COBRA coverage during the 60 day election period, they may revoke the waiver and elect continuation coverage as long as it is done during the 60 day election period. The plan need only provide continuation coverage beginning on the date employee revoked the waiver.

X. INQUIRIES

Any questions about continuation coverage, please contact the Benefits Administration Division at (504) 658-8615.

GM/PMRC/rth

Attachment:

COBRA Continuation Coverage Notice