



Very Important Letter **COBRA Continuation Coverage**

On April 7, 1986, a federal law was enacted (Public Law 99-272, title X) requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called continuation coverage) at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. (Both you and your covered dependents should take the time to read this notice carefully.)

If you are an employee of the County of Kern covered by County Health Plans, you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

If you are the spouse of an employee covered by the County Health Plans, you have the right to choose continuation coverage for yourself if you lose group health coverage under the County Health Plans for any of the following four reasons:

1. The death of your spouse;
2. A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
3. Divorce or legal separation from your spouse;
4. Your spouse becomes eligible for Medicare.

In the case of a dependent child of an employee covered by the County Health Plans, he or she has the right to continuation coverage if group health coverage under the County Health Plan is lost for any of the five reasons:

1. The death of a parent;
2. The termination of a parent's employment (for reasons other than misconduct) or reduction in a parent's hours of employment with the County of Kern
3. Parent's divorce or legal separation;
4. A parent becomes eligible for Medicare;
5. The dependent ceases to be a "dependent child under the County Health Plans".

Under the COBRA law, the employee or a family member has the responsibility to inform Kern County Human Resources of a divorce, legal separation, or a child losing dependent status under the County Health Plans by submitting proper documentation at the following address: Kern County Human Resources Division - Employee Benefits; 1115 Truxtun Avenue, 1st Floor; Bakersfield, CA 93301. The County of Kern has the responsibility to notify the COBRA Administrator of the employee's death, termination of employment or reduction in hours, or Medicare eligibility.

Upon notification, the County of Kern (or their third party administrator) will notify you that you have a right to choose continuation coverage within 60 days of the date coverage would terminate.

If continuation coverage is chosen, the County of Kern is required to give coverage which is, as of the time coverage is being provided, identical to the coverage provided under the plans to similarly situated employees or family members. If you lost group health coverage because of termination of employment or reduction in hours, the COBRA law requires that you be afforded the opportunity to maintain continuation coverage for 18 months. If coverage was lost for one of the other qualifying reasons, dependent continuation coverage is offered for three (3) years. However, the COBRA law also provides that your continuation coverage may be cut short for any of the following four reasons:

1. The County of Kern no longer provides group health coverage to any of its employees;
2. The premium for your continuation coverage is not paid;
3. You become eligible for Medicare;
4. You were divorced from a covered employee and subsequently remarry and are covered under your new spouse's group health plan.

You do not have to show that you are insurable to choose continuation coverage. However, under the law, you will have to pay all or part of the premium of your continuation coverage. (The new law also provides that at the end of your continuation period, you be allowed to enroll in an individual health plan, if one is available).

If you do not choose continuation coverage, your group health insurance will end.



1115 Truxtun Avenue, 1st Floor, Bakersfield, CA 93301
Telephone (661) 868-3480 • Fax (661) 868-3928

TO: ALL COUNTY EMPLOYEES, SPOUSES, AND DEPENDENTS COVERED BY THE COUNTY'S HEALTH PLANS

RE: **ENCLOSED COBRA INITIAL NOTIFICATION**

You and your dependents are now, or will soon be, covered under the County of Kern's group health insurance plan(s). Under federal Consolidated Omnibus Reconciliation Act of 1985, we are required to provide you with the enclosed COBRA notification.

The enclosed notice does not mean you are losing your group health insurance!

This notice simply outlines covered participants' future options and more importantly your notification obligations under the federal Consolidated Omnibus Reconciliation Act of 1985 (COBRA) law. Should you ever fail to qualify for County health insurance in the future:

- Step #1 Please read the notice carefully. It is important that **each** individual covered under the plan read the notice and be familiar with the information.
- Step #2 If there is a **covered** dependent whose legal residence is not yours, you are required to provide in writing to the benefits department the appropriate address so a separate notice can be sent to them as well. Please use the enclosed ***COBRA Address Notification Form*** for this purpose.
- Step #3 **Understand Your COBRA Notification Obligations!** Under the terms of the group health plan, only a spouse and eligible dependents, as defined by the group health insurance policy, can be covered under the plan. Therefore, under the rules of the policy and COBRA, you or a covered spouse/dependent are required to inform the plan administrator of a divorce/legal separation or if a covered dependent ceases to be a dependent under the terms of the group health plan. Please take special note of the section in this notice that details **your** notification obligations and the appropriate steps to take when making this notification. Should you fail to follow the outlined notification procedures; any continuation coverage rights under COBRA will be lost.
- Step #4 Place this notice in your records for future reference.

Should you have any questions concerning this notice or your notification obligations, please contact Kern County Human Resources – Employee Benefits at (661) 868-3182.

INITIAL COBRA NOTIFICATION VERY IMPORTANT NOTICE

It is important that all covered individuals (employee, spouse and dependent children, if able) take the time to read this notice carefully and be familiar with its contents. If there is a covered dependent whose legal residence is not yours, please provide written notification with the ***COBRA Address Notification Form*** to the benefits department so a notice can be sent to them as well.

Under federal law, The County of Kern is required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called "Continuation Coverage") at group rates when coverage under the health plan would otherwise end due to certain qualifying events. This notice is intended to inform you (and your covered dependents, if any), in a summary fashion, of your options and obligations under the continuation coverage provisions of the COBRA law. Should a qualifying event occur in the future, the plan administrator will send you additional information and the appropriate election notice at that time. **Please take special note, however, of your notification obligations which are highlighted at the bottom of this page!**

Qualifying Events for Covered Employee - If you are a covered employee, you may have the right to elect this health plan continuation coverage **if** you lose group health coverage because of a termination of your employment (for reasons other than gross misconduct on your part) or a reduction in your hours of employment.

Qualifying Events for Covered Spouse - If you are a covered spouse of an employee, you may have the right to elect this health plan continuation coverage for yourself **if** you lose group health coverage under the County Health Plans because of any of the following reasons:

- A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment with the County of Kern.;
- The death of your spouse;
- Divorce or, if applicable, legal separation from your spouse; or
- Your spouse becomes entitled to Medicare.

Qualifying Events for Covered Dependent Children * - If you are a covered dependent child of an employee, you may have the right to elect continuation coverage for yourself **if** you lose group health coverage under the County Health Plans because of any of the following reasons:

- A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment with the County of Kern.;
- The death of the employee of the County of Kern;
- Parent's divorce or, if applicable, legal separation;
- The employee of the County of Kern becomes entitled to Medicare; or
- You cease to be a "dependent child" under the terms of the health plan.

*Rights similar to those described above may apply to covered retirees, and their covered spouses, and dependents if the employer commences a bankruptcy proceeding and these individuals lose coverage within one year of or one year after the bankruptcy filing.

Important Employee, Spouse, and Dependent Notifications Required

Under the law, the employee, spouse, or other family member has the responsibility to notify the Kern County Human Resources of a divorce, legal separation, or child losing dependent status under the County Health Plans. This notification must be made within 60 days from whichever date is later: the date of the event, or the date on which the health plan coverage would be lost under the terms of the insurance contract because of the event.

If there is a divorce, separation, or loss of dependent status, the employee or other family member must notify the County of Kern at the following address:

**Kern County Human Resources – Employee Benefits
1115 Truxtun Avenue, 1st Floor, Bakersfield, CA 93301**

If this notification is not completed according to the proceeding procedures and within the required 60-day notification period, then rights to continuation coverage will be forfeit. Carefully read the dependent eligibility rules contained in the summary plan

description so you are all familiar with when a dependent ceases to be a dependent under the terms of the plan. The County of Kern will notify the plan administrator of the employee's termination of employment, reduction of hours, death, or Medicare entitlement. In the case of other events, the responsibility to provide notice is yours.

Election Period and Coverage – Once the plan administrator learns a qualifying event has occurred, the plan administrator will notify covered individuals (also known as qualified beneficiaries) of their rights to elect continuation coverage. The 60-day election window is measured from the later of the date health plan coverage is lost due to the event or from the date of the COBRA notification. This is the maximum period allowed to elect COBRA as the plan does not provide an extension of the election period beyond what is required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end and they will cease to be a qualified beneficiary.

If a qualified beneficiary elects continuation coverage, they will be required to pay the entire cost for the health insurance, plus a 2% administration fee. The County of Kern is required to provide the qualified beneficiary coverage that is identical to the coverage provided under the plan to similarly situated non-COBRA participants and/or covered dependents. Should coverage be modified for non-COBRA participants, then the modification will be made to your coverage as well.

Length of Continuation Coverage – 18 Months. If the event causing the loss of coverage is termination of employment (other than for reasons of gross misconduct) or a reduction in work hours, then each qualified beneficiary will have the opportunity to continue coverage for 18 months from the date of the qualifying event.

Social Security Disability – The 18 months of continuation coverage can be extended for an additional 11 months, to a maximum of 29 months, for all qualified beneficiaries, if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security act on the date of the qualifying event or at any time during the first 60 days of continuation coverage. In the case of a newborn or adopted child that is added to a covered employee's COBRA coverage, the first 60 days of continuation coverage for the newborn or adopted child is measured from the date of the birth or the date of adoption. It is the qualified beneficiary's responsibility to obtain disability determination from the Social Security Administration and provide a copy of the Social Security Disability determination (commonly known as a "Notice of Award") to the Plan Administrator within 60 days of the date of the determination and before the original 18 months of COBRA expire.

This extension applies separately to each qualified beneficiary. If the disabled qualified beneficiary chooses not to continue coverage, the other qualified beneficiaries are still eligible for the extension. If coverage is extended, and the disabled qualified beneficiary has elected the extension, then the applicable premium rate is 150% of the group rate. If only non-disabled qualified beneficiaries extend coverage, the premium rate will remain at the 102% level. It is also the qualified beneficiary's responsibility to notify the Plan Administrator within 30 days if a final determination has been made that they are no longer disabled.

Secondary Events – An extension of the original 18, or above mentioned 29 month, continuation period can also occur, if during the 18 or 29 months of continuation coverage, a second event takes place (divorce, legal separation, death, Medicare Entitlement, or a dependent child ceasing to be a dependent). If a second event occurs, then the original 18 or 29 months of continuation coverage will be extended to 36 months from the date of the original qualifying event date for eligible dependent qualified beneficiaries. If a second event occurs, it is the qualified beneficiary's responsibility to notify the Plan Administrator in writing within 60 days of the second event and within the original 18 month COBRA timeline. In no event, however, will continuation coverage last beyond three years from the date of the event that originally made the qualified beneficiary eligible for continuation coverage. A reduction in hours followed by a termination of employment is not considered a second event for COBRA purposes.

Length of Continuation Coverage – 36 months. If the original event causing the loss of coverage was the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be a dependent child under the County of Kern Health Plans, then each qualified beneficiary will have the opportunity to continue coverage for 36 months from the date of the qualifying event.

Adult Child turning Age 26

Notice: You will no longer be eligible for coverage because of your age. You have 60 days from the date of the notice to notify us that you wish to continue coverage under the federal COBRA law.

If you do not notify us of the choice you have made within 60 days, your coverage will end as of your 26th birthday.

Eligibility, Premiums, and Potential Conversion Rights – A qualified beneficiary does not have to show they are insurable to elect continuation coverage, however, they must have been actually covered by the plan on the day before the event to be eligible for COBRA continuation coverage. An exception to this rule is if while on continuation coverage a baby is born to or adopted by a covered employee qualified beneficiary. If this occurs, the newborn or adopted child can be added to the plan and will gain the rights of other qualified beneficiaries. The COBRA timeline for the newborn or adopted child is measured from the date of the original qualifying event. Procedures and timelines for adding these individuals can be found in your benefits booklets and must be followed. The plan administrator reserves the right to verify COBRA eligibility status and terminate continuation coverage retroactively if you are determined to be ineligible or if there has been a material misrepresentation of the facts.

A qualified beneficiary must pay all of the applicable premiums plus a 2% administration charge for continuation coverage. These premiums will be adjusted during the continuation period if the applicable premium amount changes. In addition, if continuation coverage is extended from 18 months to 29 months due to a Social Security disability, the County of Kern can charge up to 150% of the applicable premium during the extended coverage period. Qualified beneficiaries will be allowed to pay on a monthly basis. In addition, there will be a maximum grace period of (30) days for the regularly scheduled monthly premiums. At the end of the 18, 29, or 36 months of continuation coverage, a qualified beneficiary must be allowed to enroll in an individual conversion health plan provided under the County Health Plans if an individual conversion plan is available at that time. Currently, no individual conversion plans exist.

Cancellation of Continuation Coverage – The law provides COBRA continuation coverage will end prior to the maximum continuation coverage period for any of the following reasons:

- The County of Kern ceases to provide any group health plan to any of its employees;
- Any required premium for continuation coverage is not paid in a timely manner;
- A qualified beneficiary first becomes, *after the date of COBRA election*, covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary other than an exclusion or limitation which does not apply to or is satisfied by such beneficiary by reason of the Health Insurance Portability Act of 1996;
- A qualified beneficiary first becomes, *after the date of COBRA election*, entitled to Medicare;
- A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled;
- A qualified beneficiary notifies the plan administrator they wish to cancel COBRA continuation coverage.

Notification of Address Change – To insure all covered individuals receive information properly and efficiently, it is important you notify Kern County Human Resources – Employee Benefits of any address change as soon as possible. Failure on your part to do so will result in delayed COBRA notifications or a loss of continuation coverage options.

Any Questions? – Remember, this notice is simply a summary of your potential future options under COBRA. Should an actual qualifying event occur, of which Kern County Human Resources is timely notified, and it is determined that you are eligible for COBRA, you will be notified of your actual COBRA rights at that time.