

**NOTICE OF HEALTH & LIFE INSURANCE CONTINUATION RIGHTS (COBRA)  
TO EMPLOYEE, SPOUSE, AND DEPENDENT CHILDREN, IF ANY**

Federal and State Law requires that Employers allow employees and their dependents enrolled in the Employer's medical, dental, and life insurance plans to continue coverage(s) by self-payment of monthly premiums for specified periods, if they experience a "qualifying event" resulting in a loss of coverage.

"QUALIFYING EVENT" - A "qualifying event" for an employee is termination of employment (other than for gross misconduct), a reduction in hours, disability, or a layoff/leave status. A "qualifying event" for a dependent would be those reasons stated above, as they apply to our employee, plus divorce, legal separation, and the employee's death. A dependent child may also lose coverage due to reaching plan age limitations (age 19, age 25 if full-time student).

PREMIUM PAYMENTS DUE ON 1ST OF EACH MONTH FOR THAT MONTH - The employee may continue medical, dental, and life insurance coverage(s) by self-paying the monthly group premium on the 1st of each month for that month, for a period of up to 18 months, longer if totally disabled. If the employee terminates for retirement, eligible to begin pension benefits from a Public Employer Pension Plan, they can continue medical and dental ONLY until coverage is obtained elsewhere. A dependent child reaching plan age limitations may continue medical and/or dental by self-payment of monthly group premiums for 36 months. If an employee experiences a divorce, the ex-spouse may continue medical coverage until other coverage is obtained elsewhere or 'to age 65' (MN Statute 62A.21). If a second "qualifying event" should occur during the continuation period, the maximum extension would not exceed 18 or 36 months, except in the instance of divorce.

NOTIFICATION - The law states that the Employee or family member is responsible for giving the City's Plan Administrator Notice of Divorce, Legal Separation, or a statement about a dependent's loss of coverage. Notice must be given to the Administrator within 60 days of the event date or the participant's continuation rights are null and void. An employee's department is responsible for notifying the Administrator of death, termination of employment, reduction in hours, or eligibility for Medicare.

The Administrator will mail a Continuation Notice, along with rates, payment coupons and deadlines to the person(s) in danger of coverage loss. This person has 60 days to "elect" to continue coverage and an additional 45 days to send in all premiums due, TO DATE. If this deadline is not met, the Employer has NO obligation to the employee and/or dependents to continue coverage. After the initial election period, premiums are due on the 1st of each coverage month. Partial or incorrect premium payments cannot be construed as full payment due. In addition, premiums received beyond the last day of the month will not be accepted.

COVERAGE RIGHTS - If you continue coverage under this law, you have the same rights and obligations under the coverage as an active employee. You can change medical plans at Open Enrollment, experience rate changes, and receive all notices pertaining to your plan(s) during your coverage continuation period.

The law also allows coverage to be terminated if: (1) The City discontinues group health/life plan(s) for active employees, (2) You fail to pay the monthly charge for the elected coverage, (3) You have other coverage through an employer, a spouse, or Medicare, (4) You have remarried and have coverage under your spouse's group plan. At the end of the 18- or 36-month extension, or 'to age 65,' you have the right to convert to a personal policy (Medical or Life Insurance, NOT DENTAL) with the Insurance Provider.

If you have any questions, contact the City Benefits Office, Room 100 Public Service Center, 250 South 4th Street, Minneapolis MN 55415-1339 (612-673-3347, 612-673-3348, or 612-673-2759).

## EXPANDED COBRA RIGHTS

### DISABLED EFFECTIVE 1-01-97

You, your spouse or dependents, self-paying and continuing coverage because of a termination of employment or reduction in hours, may be able to extend existing COBRA coverage from 18 to 29 months if the Social Security Administration determines that you or a covered dependent was disabled or became totally disabled at any time during the first 60 days of COBRA coverage continuation.

If the employee is disabled the 29-month extension will also apply to qualified beneficiaries or dependents currently covered under the plan. To qualify for the extension you must submit a copy of the Social Security disability determination notice within 60 days of the date of such notice to the City Benefits Office.

*Minnesota Statute allows continuation of health care coverage for totally disabled employees Only, at their own expense, as long as they continue to forward timely, accurate premiums.*

### CLARIFICATION OF 'QUALIFIED BENEFICIARIES' UNDER COBRA

Effective 1-01-97 a qualified beneficiary includes a spouse and dependents covered under the plan at the time of the qualifying event as well as a child who is born to or placed for adoption with the covered employee during the COBRA continuation period. This gives the dependent(s) election rights of their own. For instance, in the event of the employee's death while on COBRA continuation any Dependent can make an election to continue coverage, via self-payment, on their own.

*Minnesota Statute exceeds the 36 month Federal COBRA continuation period for divorced spouses or a spousal beneficiary by allowing extension of COBRA coverage to the earlier of eligibility for similar coverage through another plan or age 65 and Medicare eligibility. Dependent children can continue COBRA coverage for 36 months, unless eligible for other coverage, under both Federal and State Law.*

Effective for Plan Years that begin on or after 7-01-97 (1-01-98 for City of Minneapolis)

## PORTABILITY

### OTHER EMPLOYER COVERAGE AND PRE-EXISTING CONDITIONS CLAUSES

Group health plans and insurers must reduce any pre-existing condition exclusion period, month for month, by previous, continuous health insurance coverage, providing there was no break in coverage that exceeded 63 days. Waiting periods and affiliation periods are not considered breaks in coverage.

For example: If an individual employee or dependent has been covered by a creditable health care plan for the 12 months previous to becoming eligible for a new plan, any pre-existing conditions exclusion period will be reduced by that 12 months of coverage.

Creditable Health Coverage: Another group health plan, including COBRA; Individual coverage; Medicare part A or B; Medicaid; Champus; Federal employees health benefit plan; Indian health services medical care program; a State health benefits risk pool; a public health plan; a Peace Corps health plan.

The following insurance coverage's are EXCLUDED from the portability requirements: Accident or Disability, Liability/related supplements, Workers Comp, Automobile medical, On-site medical clinics and credit only insurance; and if benefits are offered separately from the medical plan, limited scope dental, vision or long term care; specified disease (i.e., cancer, heart disease, etc.), hospital indemnity and Medicare supplements.

### CERTIFICATE OF COVERAGE

Participant(s) will receive a Certificate of Coverage from plans and insurers stating specific coverage begin and end dates, including COBRA coverage, any waiting periods, each covered participant and the name and type of health care coverage. This Certificate must be provided within the same time frames as required for COBRA notification.