

## **CONTINUATION OF INSURANCE COVERAGE (COBRA) Retiring or Terminating Employees**

**Please read this information carefully. You should retain this notice for your records.** Please disregard this notice if: 1. you transferred employment to another NDPERS covered employer, or 2. you are still employed with your current employer and just experienced a change in your employment status.

As a result of a recent "Qualifying Event", your insurance coverage has or will terminate. Under the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA), you and/or your covered dependents that are losing coverage are entitled to continue your group insurance coverage under the plan sponsored by your employer beyond the date coverage would normally end. You may have already made an election; however, we are required by federal law to provide you this notice for your records.

You and/or your covered dependents that are losing coverage are "Qualified Beneficiaries". A family member added to the covered employee's contract due to marriage or birth or placement for adoption during a period of continuation coverage will also be deemed a qualified beneficiary for COBRA purposes. The spouse or child must be added to COBRA coverage within 31 days from the date of the qualifying event.

As qualified beneficiaries, you and/or your eligible dependents losing coverage are entitled to continue the same group insurance coverage that you had on the day before the qualifying event (provided that the company has not eliminated the policy or changed insurance carriers since the qualifying event). Additionally, you are also entitled to COBRA continuation coverage if you have other insurance coverage *prior* to electing COBRA coverage (including entitlement to Medicare).

Under the law, you have a 60-day election period during which you must inform your employer in writing or by completing an application that you want continuation coverage. This election period begins on the later of (1) the date you lose coverage due to the qualifying event or (2) the date you are provided your COBRA notification. If you are or become mentally or physically incapacitated during this election period, an appointed guardian or responsible party may elect and/or pay for COBRA continuation coverage on your behalf. If you choose COBRA continuation coverage, your election is considered made on the date you send your application and payment to the Plan Administrator.

### **PLAN OR BENEFIT CHANGES**

If you elect continuation coverage, you will receive the same level of benefits under the plan as similarly situated active employees. Plan benefits may be modified or amended during the period of continuation coverage that may result in a change of premiums in accordance with federal COBRA regulation. As a qualified beneficiary, you are entitled to the same open enrollment rights as active employees. This includes special enrollment rights such as adding coverage for newly acquired family members.

Please be advised that notification to an individual, who is a qualified beneficiary as the spouse of a covered employee, shall be considered notification to all other qualified beneficiaries residing with such spouse at the time such notice is made.

## **HIGH DEDUCTIBLE PLAN MEMBERS**

If you participate in the NDPERS High Deductible Health Plan with a Health Savings Account (HSA) and terminate employment, NDPERS is not responsible for any further employer contributions to your HSA. However, prior to depleting your funds or closing your account, please contact NDPERS to verify that all contributions have been deposited.

## **OTHER COVERAGE OPTIONS**

There may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, Medicare, or other group plan coverage options (such as a spouse's plan) through what is called a "special enrollment period". Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based insurance coverage, it's important that you choose carefully between COBRA continuation coverage and other coverage options, because once you've made your choice it can be difficult or impossible to switch to another coverage option.

Additional details on the Health Insurance Marketplace is provided later in this notice.

## **CONTINUATION PERIOD**

Your Qualifying Event entitles you and/or your covered dependents to continue coverage for the period of 18 months if you are qualifying due to the member's termination of employment or reduction in hours. This period begins on the date your coverage under the group insurance plan would normally cease as a result of the Qualifying Event. If you have signed an Early Retirement Agreement, whereby your employer will pay the premiums for a specified period of time, any portion of employer paid premium is counted towards the 18 months of COBRA continuation coverage.

Continuation coverage may end before the maximum continuation period in certain circumstances, such as failure to pay premiums, fraud, or the individual becomes covered under another group health plan.

## **EXTENDED COBRA CONTINUATION COVERAGE PERIOD**

Any qualified beneficiary in connection with a qualifying event may be entitled to an extension of continuation coverage from 18 to 29 months if an individual is determined under Title II or XVI of the Social Security Act to have been disabled at any time during the first 60 days of COBRA continuation coverage. The disability extension applies only if any of the qualified beneficiaries provides notice to the plan administrator of the disability determination within 60 days after the date the determination is issued and before the end of the original 18-month maximum coverage period. The affected individual must also notify NDPERS within 31 days of any final determination that the individual is no longer disabled. The disability extension applies separately to each qualified beneficiary including non-disabled family members who are qualified beneficiaries due to the termination or reduction in hours of employment.

In addition, if you are the spouse or dependent of an employee who has been terminated from employment or whose hours of employment have been reduced, you may receive an extension of continuation coverage if a second qualifying event occurs (such as employee death, divorce,

legal separation, employee Medicare entitlement or losing dependent status under the Plan) during the original 18-month continuation coverage period. In such a case, the original 18-month period (or 29-month period, in the case of a disability extension) is expanded to 36 months. This extension applies only if the Plan Administrator is notified in writing within 60 days of the second qualifying event and within the original 18 or 29-month coverage period. This extension applies to individuals who are qualified beneficiaries as a result of the first qualifying event and who are still qualified beneficiaries at the time of the second qualifying event. A reduction in hours followed by a termination of employment is not considered a second qualifying event for COBRA purposes.

For more information about extending the length of COBRA continuation coverage, visit <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf>.

### **PREMIUMS FOR COBRA CONTINUATION COVERAGE**

You will be charged 102% of the applicable group premium rate for the level of coverage you select. Unless you expressly elect otherwise, the coverage to be continued will be that which you and/or your dependents (if any) had on the day before the qualifying event. However, be aware that each qualified beneficiary has independent COBRA election rights. The initial premium for continuation coverage must be made within 45 days of your COBRA election.

Insurance rates are subject to change. Contact the NDPERS office for premium information and additional details. The initial premium for continuation coverage must be made within 45 days of your COBRA election.

Your continuation coverage will not be effective until the initial premium payment is received. If the initial premium payment is not made within the indicated period, you will forfeit your right to continuation coverage. Subsequent monthly premium payments are due and payable on the 1st day of each month for that month's coverage. Pursuant to COBRA law, your continuation coverage will be terminated if your premium is not received by the last day of the month for which coverage was due.

### **MARKETPLACE INSURANCE COVERAGE**

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace, you’ll also learn if you qualify for free or low-cost coverage from Medicaid or the Children’s Health Insurance Program (CHIP). You can access the Marketplace for your state at [www.HealthCare.gov](http://www.HealthCare.gov).

Coverage through the Marketplace may cost less than COBRA continuation coverage. Being offered continuation coverage won’t limit your eligibility for coverage or for a tax credit through the marketplace.

You have 60 days from the time you lose your job-based coverage to enroll in the Marketplace as a “special enrollment” event. **After 60 days, your special enrollment period will end, and you may not be able to enroll.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit [www.HealthCare.gov](http://www.HealthCare.gov).

### **ENROLLMENT IN ANOTHER GROUP PLAN**

You may be eligible to enroll in coverage under another group plan (like a spouse's plan), if you request enrollment within the eligibility window set by the other group plan.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group plan for which you are eligible, you'll have another opportunity to enroll in the other group health plan within 31 days of losing your COBRA continuation coverage.

If you need a Certificate of Coverage (COC), please contact your insurance carrier for health and dental insurances. For vision, please contact your employer for verification of coverage.

### **ENROLLMENT IN MEDICARE**

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the initial enrollment period for Medicare Part A or B, you have an 8-month special enrollment period to sign up, beginning on the earlier of

- The month after your employment ends, or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare Part B and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and then enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA will pay second. Certain COBRA continuation coverage plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare. For more information, visit <https://www.medicare.gov/medicare-and-you>.

### **HOW TO ELECT COBRA CONTINUATION OF INSURANCE COVERAGE**

1. Obtain and complete by following the instructions on the 'CONTINUATION OF GROUP INSURANCE COVERAGE (COBRA) SFN 14120' and return it to the NDPERS office before the Election Period Expiration Date. The form can be found on the NDPERS website at [www.ndpers.nd.gov](http://www.ndpers.nd.gov).
2. Pay the initial premium required for COBRA continuation coverage within forty-five (45) days of your COBRA election date. See the Premiums for COBRA Continuation Coverage section. You're responsible for making sure that the amount of your first payment is correct. Please contact NDPERS to confirm the correct amount of your first payment.

### **TERMINATION OF CONTINUATION COVERAGE**

You may lose your continuation coverage before the end of your maximum coverage period for any of the following reasons:

1. If any required premium is not paid in a timely manner, coverage will cease for you and

- your qualified beneficiaries.
2. If you or any of your qualified beneficiaries become covered under another group insurance plan after the date of COBRA election that does not contain any applicable exclusion or limitation with respect to any pre-existing condition.
  3. If all of our group insurance plans are terminated (including successor plans), coverage will cease for you and your qualified beneficiaries.
  4. If coverage was extended to 29 months due to a disability, coverage will cease if there is a determination that the individual is no longer disabled. **Please note:** Federal law requires that you inform the plan administrator within 31 days of a final determination that the individual is no longer disabled.
  5. If you or your qualified beneficiaries become entitled to coverage under Medicare after the date of COBRA election, coverage will cease for each individual so eligible. If you are age 65 or over and receive or have applied for Social Security (or qualify for Social Security at an earlier age due to a disabling condition) you are considered to be entitled to Medicare.
  6. If you request cancellation of COBRA continuation coverage in writing. Cancellation requests are only prospective from the date NDPERS receives such request.
  7. If the group insurance plan terminates the coverage for cause for similarly situated active employees, then the qualified beneficiary's coverage can be terminated on the same basis (such as for submission of fraudulent claims, etc.).

**IMPORTANT:** The plan is required to make a complete response to any inquiry from a insurance provider regarding your right to coverage under the plan during the election period. Similar requirements exist to provide the status of COBRA coverage inquiries made by insurance care providers during any applicable premium payment grace periods. If you elect the continuation coverage, the initial payment will cover the first period of continuation coverage beginning immediately after the date that your coverage under the group insurance plan ceased. Please see Premiums for COBRA Continuation Coverage section of this document.

### **MORE INFORMATION**

For more information about your rights under COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at <http://www.dol.gov/ebsa> or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit [www.HealthCare.gov](http://www.HealthCare.gov).

### **ADDRESS CHANGES**

To protect your and your family's rights, keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy in any notices you send to the Plan Administrator.