

Questions and Answers About Your COBRA Continuation Coverage Rights

Am I eligible to elect COBRA continuation coverage at this time?

Only individuals who lost group health coverage from September 1, 2008 through February 16, 2009 due to an involuntary termination of employment that occurred during that period, and who did not elect COBRA continuation coverage during their first election period OR who elected but subsequently discontinued COBRA coverage (for reasons other than becoming eligible for another group health plan or Medicare), are entitled to elect coverage at this time. If you lost group health coverage for any other reason between these dates and did not elect COBRA continuation coverage when it was first offered, you are not entitled to this second election period.

Am I eligible for the premium reduction?

If you lost group health coverage from September 1, 2008 through February 16, 2009 due to an involuntary termination of employment that occurred during that period and are not eligible for Medicare or other group health plan coverage, you are entitled to receive the premium reduction. Information about the amount of the premium reduction and how it affects your premium payments can be found below under the question, “How much does COBRA continuation coverage cost?”

How can I elect COBRA continuation coverage?

To elect continuation coverage, you must complete the *COBRA Continuation Coverage Election Form for Premium Reduction* and submit it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee’s spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all qualified beneficiaries.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law:

- First, you can lose the right to avoid having preexisting condition exclusions applied to you by other group health plans if you have a 63-day gap in health coverage, and election of continuation coverage may help prevent such a gap.
- Second, you will lose the guaranteed right to purchase individual health coverage that does not impose a preexisting condition exclusion if you do not elect continuation coverage for the maximum time available to you.

If you do elect continuation coverage under this additional election period, the period from qualifying event to the date coverage begins under your election will not count as a break in coverage in determining whether you had a 63-day break in coverage.

How much does COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the COBRA premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event that is an involuntary termination of employment during the period beginning with September 1, 2008 and ending with December 31, 2009. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA premium otherwise due to the plan. This premium reduction is available for up to nine months. If your COBRA continuation coverage lasts for more than nine months, you will have to pay the full amount to continue your COBRA continuation coverage. See the attached *Summary of the COBRA Premium Reduction Provisions under ARRA* for more details, restrictions, and obligations as well as the form necessary to establish eligibility.

When and how must payment for COBRA continuation coverage be made?

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the *COBRA Continuation Coverage Election Form for Premium Reduction*. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This is the date the election form is postmarked, if mailed.) If you make your first payment for continuation coverage in full later than 45 days after the date of your election, you will lose all continuation coverage rights under the PEBB Program. You are responsible for making sure that the amount of your first payment is correct. You may contact PEBB Accounting at 1-800-200-1004 to confirm the amount of your first payment.

Payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to make payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The payments can be made on a monthly basis. Under the PEBB Program, each of these payments for continuation coverage is due on the 15th day of the month for that coverage period. If you make a monthly payment on or before the 15th day of the current month, your PEBB coverage will continue for that month without any break. You may not receive a bill for your continuation coverage premium. Depending on your payment method, we may send you periodic statements as a reminder of your responsibility to pay your premiums on time. You must pay your premiums on time, even if we do not send you a bill or periodic statement.

Grace periods for monthly payments

Although monthly payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make each payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment.

If you fail to make a payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the PEBB Program.

Your first payment for continuation coverage should be sent to:

Mailing address

Health Care Authority
PEBB Program
P.O. Box 42695
Olympia, WA 98504-2695

Street address (for hand deliveries)

Health Care Authority
PEBB Program
676 Woodland Square Loop SE
Lacey, WA 98503

How long will continuation coverage last?

Your coverage will begin retroactively on March 1, 2009 and can generally continue for up to 18 months from the date of your involuntary termination of employment. The duration of the premium reduction is determined separately and may not last for the entire length of your COBRA coverage.

Continuation coverage will be terminated before the end of the 18-month period if:

- Any required premium is not paid in full on time;
- A qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary;
- A qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage; or
- The employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the PEBB Program would terminate coverage of a participant not receiving continuation coverage (such as fraud).

How can I extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the PEBB Program of a disability or a second qualifying event to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. The disability has to have started at some time on or before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must notify the PEBB Program within 60 days from the disability determination to extend the period of continuation coverage. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined to no longer be disabled by the SSA, you must notify the PEBB Program within 30 days after that determination.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), or a dependent child's ceasing to be eligible for coverage as a dependent under the PEBB Program. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage if the first qualifying event had not occurred. You must notify the PEBB Program within 60 days after a second qualifying event occurs to extend your continuation coverage.

For more information

This notice does not fully describe continuation coverage or other rights under the PEBB Program. More information about continuation coverage and your rights is available in your health plan's Certificate of Coverage or in the PEBB's *Continuation of Coverage Election Notice* booklet.

If you have any questions concerning the information in this notice or your rights to coverage, or if you want a copy of the *Continuation of Coverage Election Notice* booklet, you should contact the PEBB Program at 1-800-200-1004.

State and local government employees seeking more information about their rights should contact the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (HHS-CMS) at www.cms.hhs.gov/COBRAContinuationofCov/ or send an email to NewCobraRights@cms.hhs.gov.

Keep the PEBB Program informed of address changes

To protect your and your family's rights, you should keep the PEBB Program informed of any changes in your or a family member's address. You can do this by calling the PEBB Program at 1-800-200-1004, or notify us in writing at Health Care Authority, PEBB Program, P.O. Box 42684, Olympia, WA 98504-2684. You should also keep a copy, for your records, of any notices you send to the PEBB Program.