



WHEN IT COMES TO COBRA BENEFITS COVERAGE, WE'VE GOT YOU COVERED

COBRA Services, Administration and Compliance Simplified

Since 1994, Discovery Benefits has simplified COBRA benefits as a COBRA administrator for employers nationwide. We handle the COBRA administration services, staying current on regulatory changes. And as COBRA administrator, we communicate with employees and insurance carriers to make sure everyone has the information and help they need.

What is COBRA?

On April 7, 1986, The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) was enacted (also known as Public Law 99-22, Title X) requiring employers with 20 or more employees to offer certain employees and their families the opportunity to elect a temporary extension of health coverage at group rates where coverage under the plan would otherwise end.

Qualified employees are entitled to continuation of benefits without evidence of good health. This coverage must provide continuous coverage identical to other similarly covered individuals who have not lost coverage. If a plan has dental, vision or other health benefits, these benefits are subject to continuation coverage. Continuation coverage does not include short-term or long-term disability and life insurance benefits. If the individual does not elect COBRA continuation, coverage will end.

What is the COBRA General Rights (Initial) Notice?

The COBRA General Rights Notice informs the plan participants (the covered employee and covered spouse, if applicable) of their rights and responsibilities under COBRA.

The COBRA General Rights Notice must be mailed by the employer (or third-party administrator) to the covered employee and/or covered spouse within 90 days of the date the individual first became covered by a group health plan.



Who is eligible for continuation of coverage?

A qualified beneficiary is an individual who is eligible for COBRA continuation coverage if he or she is covered under an employer-sponsored group health plan at least one day prior to the qualifying event. A qualified beneficiary can be either a covered employee, the spouse of a covered employee, or a dependent child of the covered employee.

Employee - A covered employee is a qualified beneficiary if the individual is covered under a group health plan provided through employment with the employer at the time of a qualifying event.

Spouse - A covered spouse is a qualified beneficiary if he or she is married to a covered employee at the time of the employee's reduction in hours or termination or becomes divorced or legally separated from a covered employee.

Dependent - A covered dependent is a qualified beneficiary if he or she is a covered dependent of a covered employee at the time of a qualifying event or if the covered dependent loses his or her dependent child status. A qualified beneficiary also includes a child born to or placed for adoption with the covered employee within 30 days of birth or adoption during the period of COBRA coverage.

What are qualifying events?

There are six events that, if they result in a loss of coverage, can be qualifying events:

- 1) Reduction in hours of the covered employee's employment;
- 2) Voluntary or involuntary termination of the covered employee's employment other than for reason of gross misconduct (note that a retirement is considered a termination of employment);
- 3) Death of the covered employee;
- 4) Divorce or legal separation of the covered employee from the employee's spouse;
- 5) Dependent child ceasing to be a dependent child under the generally applicable requirements of the plan; and
- 6) An employer's bankruptcy, but only with respect to health coverage for retirees and their families.

How do I elect COBRA coverage?

Once you have received your Specific Rights (Qualifying Event) Notice in the mail, you should read through the information carefully. Then complete and submit the election



form for COBRA coverage to Discovery Benefits no later than the last day of the COBRA election period, which is listed on the election form. According to COBRA regulations, you have 60 days from the date the Specific Rights Notice was sent or 60 days from your last date of coverage as an active employee, whichever is later, to elect COBRA coverage.

You are allowed to change your mind during the initial COBRA election period. For example, if you waive your right to COBRA coverage and then decide to choose coverage while still in the COBRA election period, coverage will be granted as long as you send the final election notification to Discovery Benefits within the 60-day period.

How long may I and/or my dependents continue coverage under COBRA?

Depending on the circumstances, you and/or your dependents may be eligible to continue COBRA coverage for 18, 29, or 36 months.

18 months - If you are an employee that has lost coverage due to reduction in hours or termination of employment, you and any covered dependents may be eligible to continue COBRA coverage for up to 18 months.

The 18-month continuation period may be extended to a maximum of 36 months for covered dependents if a second qualifying event occurs during the 18-month continuation period. Second qualifying events may include death of the former employee, divorce or legal separation, and loss of dependent status under the plan. It is your responsibility to notify Discovery Benefits if you experience one of these events while on COBRA. Notification must be made within 60 days of the second qualifying event.

29 months - If you or one of your covered dependents is determined by the Social Security Administration to have been disabled prior to or within the first 60 days of COBRA coverage, you and any covered dependents may be eligible for the disability extension.

36 months - When covered dependents lose coverage due to death of the employee, divorce or legal separation, loss of dependent status under the plan, or the employee becoming covered by Medicare, they may be eligible to continue COBRA coverage for up to 36 months.

When are my COBRA premium payments due?

Your initial premium payment must be postmarked within 45 days from the date you sent your election paperwork to Discovery Benefits. The initial premium typically includes all



payments due between your first day of COBRA and the current month. For example, if your first day of COBRA is in July and you are making your initial premium payment in August, the first payment should include the premiums due for both July and August.

Once Discovery Benefits processes your initial premium payment, your coverage will be reinstated retroactively back to your first day of COBRA. Your right to continue coverage under the plan will end if payment is not made within the required time.

Subsequent monthly premium payments are due in full on the first day of each month. However, in accordance with COBRA regulations, you have a 30-day grace period each month in which to make your payment. In order to be considered timely, payments must be postmarked (not necessarily received) within the 30-day grace period. Again, your coverage under the plan will end if payment is not made within the required time.

Discovery Benefits offers multiple payment options, including automated ACH and online bill pay.

When does my COBRA coverage terminate?

You may voluntarily request to terminate your COBRA continuation coverage at any time.

Other reasons for Early Termination of COBRA Coverage:

- 1) The required premium payment is not paid when due.
- 2) After the date of your COBRA election, you and your spouse or dependent child(ren), if any, become covered under another group health plan that does not contain any exclusion or limitation for any of your pre-existing conditions.
- 3) After the date of your COBRA election, you, your spouse or dependent child(ren), if any, become entitled to Medicare benefits.
- 4) Your former employer ceases to provide any group health plan coverage to any employee.
- 5) If coverage is extended an additional 11 months due to disability, a determination that the individual is no longer disabled.
- 6) COBRA coverage may also be terminated for any reason the plan would terminate coverage of a participant or beneficiary not receiving COBRA coverage (such as fraud).

To terminate your COBRA continuation coverage voluntarily, complete and submit a [Benefits Termination Form](#).

If you have any questions regarding the termination effective date, please contact Participant Services at 866-451-3399 or via email at cobraadmin@discoverybenefits.com.