

South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY
PEBA

COBRA
Continuation of Coverage

2015

803-734-2352 (BA Call Center)
888-260-9430 (Subscriber Services)

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Disclaimer

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THIS PRESENTATION CONTAINS AN ABBREVIATED DESCRIPTION OF INSURANCE BENEFITS PROVIDED BY OR THROUGH THE PUBLIC EMPLOYEE BENEFIT AUTHORITY. THE PLAN OF BENEFITS DOCUMENTS AND BENEFITS CONTRACTS CONTAIN COMPLETE DESCRIPTIONS OF THE HEALTH AND DENTAL PLANS AND ALL OTHER INSURANCE BENEFITS. THEIR TERMS AND CONDITIONS GOVERN ALL BENEFITS OFFERED BY OR THROUGH THE PUBLIC EMPLOYEE BENEFIT AUTHORITY. IF YOU WOULD LIKE TO REVIEW THESE DOCUMENTS, CONTACT YOUR BENEFITS ADMINISTRATOR OR THE PUBLIC EMPLOYEE BENEFIT AUTHORITY.

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Important Information for BAs

This overview is not meant to serve as a comprehensive description of the benefits offered by the Public Employee Benefit Authority.

Refer to Section E of the *Benefits Administrator Manual*, and the General Information chapter of the *Insurance Benefits Guide* for more information.

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COBRA

History and Objectives

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History

History of COBRA

- Consolidated Omnibus Budget Reconciliation Act – effective July 1, 1986
- Act prevents covered employees and their dependents from losing group health, dental, vision and/or Medical Spending Account coverage as a result of certain “qualifying events”

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Objectives

COBRA Objectives

- Increase access to health care
- Shift cost of providing medical care from federal government to employers

COBRA



Employers NOT Subject to COBRA

- Federal government
- Employers covered under church plans
- Employers with fewer than 20 employees

All employers participating in PEBA Insurance Benefits are subject to COBRA, regardless of the number of employees.

COBRA



BA Responsibilities

- Make eligible subscribers* and dependents aware of their COBRA rights and responsibilities
- Offer COBRA coverage to qualified beneficiaries
- Document your actions in the employee's file

* If an employee is determined to never have been eligible for coverage while employed, he and his dependents are not eligible for COBRA.

COBRA

Qualified Beneficiaries

Qualified Beneficiaries

Who is a Qualified Beneficiary?

- Individual eligible to continue coverage if lost due to qualifying event
- Must have been covered on day before qualifying event
- Each beneficiary has independent rights to elect COBRA

Qualified Beneficiaries

Qualified Beneficiaries Include

- Active and retired employees
- Spouses and dependent children of employees or retirees
- Newborns or children placed for adoption with the covered former employee — if added to COBRA coverage within 31 days of birth or adoption or during open enrollment

Qualified Beneficiaries

Qualified Beneficiaries are NOT

- Individuals who enroll in COBRA during open enrollment or due to special eligibility situation
- Newborn or adopted children placed with individual on COBRA who is not the covered former employee
- Non-resident aliens with no source of income in U.S.

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Qualified Beneficiaries

EXAMPLE

- **Single employee leaves employment on May 31, 2015, and elects COBRA for himself**
 - Employee is qualified beneficiary

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Qualified Beneficiaries

EXAMPLE

- **Former employee marries December 1, 2015**
 - New spouse is not qualified beneficiary
- **Former employee dies December 12, 2015**
 - Spouse's coverage ends

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Required COBRA Notifications

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Initial COBRA Notice

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Initial COBRA Notice

Content of Initial Notice

- Summarizes COBRA law and procedures
- Outlines obligations of employers
- Explains the rights and responsibilities of employees and dependents

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Initial COBRA Notice

Initial COBRA Notice

- Copies of notice on PEBA Insurance Benefits website, www.eip.sc.gov
- Keep complete copies of all notices in employee's file

Initial COBRA Notice

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When to Send Initial COBRA Notice

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When to Send Initial COBRA Notice

Send COBRA Notice When

- New employee enrolls in health, dental, vision or Medical Spending Account
- Employee adds spouse or child due to special eligibility situation
- Employee elects coverage for himself or dependents during open enrollment

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When to Send Initial COBRA Notice



Mailing Requirements

- Send notice via First Class mail to each covered employee and spouse
- Notification to covered spouse is notification to all covered dependents
- If employee and dependents live separately, mail notice to each address

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When to Send Initial COBRA Notice

Hand Delivery

- Employee must sign receipt for notice
- Not considered notice to covered spouse or covered dependent children
- PEBA Insurance Benefits recommends mailing all notices

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Second Required COBRA Notice

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Second Required COBRA Notice

Content of Second Notice

- Advises individuals of their rights and responsibilities to continue coverage
- Procedures for electing coverage
- Includes COBRA Notice of Election

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Second Required COBRA Notice

Second COBRA Notice

- Copies of notice on PEBA Insurance Benefits website, www.eip.sc.gov
- Keep complete copies of all notices in employee's file

18-Month COBRA Notice
36-Month COBRA Notice

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Second Required COBRA Notice



18-Month Qualifying Events

- Occur when employee
 - Leaves employment
 - Transfers
 - Retires
 - Has a reduction in hours (not in a stability period or no longer eligible at the end of the initial or standard stability period)
- If terminated due to “gross misconduct” ask your legal counsel before offering COBRA

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Unpaid Leave or Reduction of Hours

- LWOP coverage does not exist
- If employee is not within a stability period, is no longer eligible for coverage at the end of a stability period or on protected leave, a reduction of hours (below 30 hours per week) makes the employee ineligible for insurance benefits
- Employer should complete the Termination Due to Reduction of Hours or Unpaid Leave form to terminate coverage and offer employee COBRA

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Second Required COBRA Notice



36-Month Qualifying Events

- Divorce
- Child loses eligibility as dependent
- Surviving spouse remarries
- Employees and their dependents who lose eligibility due to Military leave

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New Process for Military Leave

- **Continue coverage**
 - Nothing sent to PEBA
 - Written permission to continue coverage and bill for premiums
 - Provide Your Insurance Benefits When Your Hours are Reduced form
- **Cancel Health Due to Gain of Coverage**
 - Complete Notice of Election and attach a copy of military orders
 - Provide Your Insurance Benefits When Your Hours are Reduced form
 - Cancel all coverage
 - Complete – [New Active Term Form](#)
 - Provide Your Insurance Benefits When Your Hours are Reduced form
 - Offer 36 months of COBRA and conversion information (if applicable)

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When to Send Second COBRA Notice

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When to Send Second COBRA Notice

18-Month Notice

- BA must send notice within 14 days
- Subscriber may elect COBRA within 60 days of date of
 - Loss of coverage or
 - COBRA notification

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When to Send Second COBRA Notice

60-Day Notification Rule

- To be eligible for COBRA, qualified beneficiary must report qualifying event within 60 days of later of
 - Date of qualifying event or
 - Date coverage would have been lost if reported in a timely manner

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When to Send Second COBRA Notice

36-Month Notice

- If event is reported timely, send notice within 14 days
- Subscriber may elect COBRA within 60 days of later of
 - Loss of coverage date or
 - COBRA notification date

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When to Send Second COBRA Notice

COBRA Ineligibility Form

- Used to determine if COBRA should be offered
 - If qualifying event was reported within 60 days — offer COBRA
 - If outside 60 days, do not offer COBRA — document in the employee's file

COBRA Ineligibility Form for Dependents

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When to Send Second COBRA Notice

EXAMPLE

- January 1, 2015 – Husband dropped from employee coverage
- February 20, 2015 – Husband reports he and employee have been divorced since November 19, 2014
- Reported outside of 60 days. Do NOT offer COBRA. Document employee file with COBRA Ineligibility Form for Dependents

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Second Qualifying Event to Extend Coverage

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Second Events to Extend Coverage



Second Events are

- Death of the former employee
- Approval for Social Security disability
- Divorce or legal separation from former employee
- Dependent child no longer eligible as dependent

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Second Events to Extend Coverage

Second Events

- Must occur within 18-month or 29-month coverage period
- Must be reported within 60 days of the second event
- Never extend coverage beyond 36 months from original COBRA eligibility date

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Second Events to Extend Coverage

29-Month Qualifying Event

- 18-month coverage extends if
 - Qualified beneficiary is approved for Social Security disability benefits
 - Qualified beneficiary must
 - Be approved for disability by SSA within initial 18-month COBRA period
 - Be disabled at time of qualifying event or during first 60 days of COBRA coverage

Second Events to Extend Coverage

(cont'd)

- Report to PEBA Insurance Benefits within 60 days of latest of date of
 - Disability notification letter
 - Covered employee's termination or reduction in hours
 - When the qualified beneficiary loses or would lose coverage due to termination or reduction in hours

Second Events to Extend Coverage

EXAMPLE

- Employee leaves employment on March 31, 2015, and elects COBRA for himself and his spouse
 - Both are qualified beneficiaries

Second Events to Extend Coverage

EXAMPLE

- Employee and spouse have child on June 9, 2015
 - The newborn may be added to COBRA within 31 days

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Second Events to Extend Coverage

EXAMPLE

- **SSA deems child disabled since birth**
 - **COBRA extends to 29 months from original COBRA effective date for all qualified beneficiaries**

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Second Events to Extend Coverage

36-Month Qualifying Events

- Death of former employee
- Divorce or legal separation from former employee
- Dependent child's loss of eligibility

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Second Events to Extend Coverage

EXAMPLE

- **Employee leaves employment on July 31, 2015, and elects COBRA for himself and his child**
 - **Both employee and child are qualified beneficiaries**

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Second Events to Extend Coverage

EXAMPLE

- The child turns 26
 - No longer eligible as dependent on former employee's COBRA
 - Eligible for extension of COBRA ending 36 months from initial COBRA effective date

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Medicare Entitlement Rule

Medicare Entitlement Rule

- If covered employee became eligible for Medicare within 18 months before qualifying event occurred, maximum period of COBRA coverage for his covered dependents is 36 months after covered employee became eligible for Medicare

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Medicare Entitlement Rule

1/1/2014 (18 months before termination)

7/1/2015 Employee & Spouse become eligible for COBRA

1/1/2017 Employee's COBRA ends (18 months)

1/1/2018 Spouse's COBRA ends (30 months)

1/1/2015 Employee Gains Medicare

18-month COBRA period

Additional months for spouse

Spouse eligible for 36 months from Medicare Eligibility

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Third Required COBRA Notice

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Third Required COBRA Notice

This Notice:

- Is sent by PEBA Insurance Benefits
- Informs qualified beneficiaries when coverage will end
- Includes Certificate of Creditable Coverage

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Enrollment and Premiums

Enrollment and Premiums

COBRA Administrators

- PEBA Insurance Benefits administers COBRA benefits for subscribers of
 - State agencies
 - School districts
 - Higher education institutions
- Benefits administrators of local subdivisions administer COBRA for their subscribers

Enrollment and Premiums



Local Subdivision BAs

- Must sign COBRA NOE
- Collect all premiums
- Remit payment to PEBA Insurance Benefits

Enrollment and Premiums

Initial Premium Payment Period

- 45 days from date of election
- Must include premiums, back to date of loss of coverage
- Coverage for PEBA Insurance Benefits-administered COBRA subscribers will not be activated until premium is received

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Enrollment and Premiums

After Initial Payment

- Monthly payments due on 10th of each month
- 30-day grace period from due date of unpaid premium

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Terminating COBRA

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Terminating COBRA

Notice to Terminate Continuation Coverage

- Used to terminate COBRA for:
 - Gain of other group health coverage, including Medicare
 - Loss of eligibility for Social Security Disability benefits

Notice to Terminate COBRA Continuation Coverage

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Terminating COBRA

Terminating due to non-payment of COBRA premiums

- BA submits CNOE
- Mark "Termination Due to Non-Payment of Premiums"
- Does not require subscriber's signature
- Submit as soon as permissible to avoid being billed

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Reminders

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Reminders

Don't Forget

- To elect COBRA, qualified beneficiaries must notify their COBRA administrator within 60 days of divorce or legal separation, loss of dependent status, or date coverage would have been lost if reported in a timely manner, whichever is later

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Reminders

Don't Forget (cont'd)

- Election must be made within 60 days
- Premiums are due on 10th of each month
- PEBA Insurance Benefits will only refund premiums back to 30 days

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Contact PEBA Insurance Benefits

- By Phone
 - Greater Columbia area
 - 803-734-2352
 - Toll-free outside Columbia area
 - 888-260-9430
- Online via our website
 - www.eip.sc.gov

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EH3 Please verify the correct number...803-734-0678 is in the IBG.
Everson, Helen, 8/2/2013