



## Important Notice from the CHARTER COUNTY OF WAYNE Regarding YOUR RIGHTS UNDER THE CONSOLIDATED OMNIBUS RECONCILIATION ACT OF 1986 (COBRA)

### Healthcare Continuation Coverage Notice Issued by U.S. Department of Labor

This notice is intended to inform you and all persons covered under your employer-sponsored group health plan in summary form of your rights and obligations under the continuation coverage provisions of COBRA. On April 7, 1986, a federal law (Public Law 99-272 Title X) requiring that most employers sponsoring group health plans offer continued health insurance coverage at the employer's group rate(s) plus a two percent (2%) administrative fee in certain instances where coverage under the plan would otherwise end. **Both you and your spouse should take the time to read this notice carefully.**

If you are an **employee** of Wayne County covered by a group health plan, you have the right to choose continuation coverage for **up to eighteen (18) months** should you lose your health coverage for any of the following COBRA-qualifying events:

1. Reduction in work hours of employment;
2. Termination of your employment other than for gross misconduct on your part; or
3. Retirement.

If you are the **spouse** of an employee covered by a group health plan, you have the right to choose continuation coverage for yourself for **up to thirty-six (36) months** if you lose group health coverage for any of the following COBRA-qualifying events:

1. Death of your spouse;
2. Termination of your spouse's employment other than for gross misconduct or reduction in your spouse's hours of employment;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes entitled to Medicare.

In the case of a **dependent child** of an employee covered by a group health plan, the dependent child has the right to continuation coverage for **up to thirty-six (36) months** if group health coverage is lost for any of the following COBRA-qualifying events:

1. Death of a parent;
2. Termination of a parent's employment for reasons other than gross misconduct or reduction in a parent's hours of employment;
3. Parent's divorce or legal separation;

4. Parent becomes entitled to Medicare; or
5. Dependent child ceases to be eligible as a dependent child under Wayne County's group health plan.

Under the law, the employee, retiree or a family member has the responsibility to inform Wayne County as the employer of a divorce, legal separation, or a child losing dependent status under Wayne County's health plan within sixty (60) days of the date of the event causing loss of coverage. Wayne County has the responsibility to notify the group health plan of the employee's or retiree's termination, reduction in work hours of employment, death, or Medicare entitlement. Similar rights may apply to certain retirees, spouses, and dependent children if Wayne County commences a bankruptcy proceeding and these individuals lose coverage.

Within forty-five (45) days of Wayne County being notified that one of the above events has happened, the Wayne County Risk Management Division will notify you that you have sixty (60) days from the date you lose coverage or the date the notice is sent, whichever is later, to elect continuation coverage under COBRA.

If you do not choose to elect continuation coverage, your right to continued benefits under COBRA will expire. If you choose to elect continuation coverage, an additional forty-five (45) days is allowed for payment of the initial premium. The initial premium will cover the months between the date of loss of coverage and the date continuation coverage is actually elected under COBRA. Once the required premium is received by the Wayne County Risk Management Division, Wayne County is required to reinstate the coverage(s) you have elected as it was provided to you prior to the event causing loss of coverage. Coverage will be reinstated as of the date coverage was initially lost (i.e., there will be no lapse in coverage). You may continue coverage for the period specified on the first page of this notice.

An eighteen (18)-month event may be extended to twenty-nine (29) months if an individual is determined to be disabled by the Social Security Administration at any time before or within the first sixty (60) days of the eighteen (18)-month period of COBRA coverage. In order to qualify for this extension, notice of the determination must be given to the Wayne County Risk Management Division before the expiration of the eighteen (18)-month COBRA period. Under the law, Wayne County may charge a COBRA administrative fee of fifty percent (50%) during the eleven (11)-month

## COBRA NOTICE continued

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extension period instead of the usual two percent (2%) fee.

An eighteen (18)-month or twenty-nine (29) month even may be extended to thirty-six (36) months if a second COBRA-qualifying event occurs and the Wayne County Risk Management Division is notified within sixty (60) days of the occurrence of such an event. In no event will continuation coverage last beyond three (3) years from the original date in which an individual first became eligible for coverage under COBRA.

Your rights and responsibilities as a member under the group health plan once continuation coverage has been elected will not change; you will have the same rights and responsibilities as any other similarly –situated employee or retiree.

To maintain continuation coverage once it has been elected, you must pay all premiums due by the first of the month for which the premium is due. However, the law does allow for a thirty (30)-day grace period for payment of the regularly scheduled monthly premiums.

The law provides that your continuation coverage may be cancelled for any of the following reasons:

1. Wayne County no longer provides group health coverage to any of its employees;
2. The premium for your continuation coverage is not paid on time;
3. You become covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition you may have;
4. You become entitled to Medicare due to age; or
5. You extended coverage for up to twenty-nine (29) months due to your disability and there has been a final determination that you are no longer disabled.

Once coverage has been cancelled for any of the above reasons or due to the expiration of your maximum COBRA election period, you will be allowed to enroll in an individual conversion health plan through your plan's insurance carrier if group conversion has been elected by Wayne County at the time of your COBRA event. Wayne County currently has a group conversion option for its medical plans.

### **SUMMARY OF THE COBRA PREMIUM REDUCTIONS PROVISIONS UNDER ARRA**

President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives "Assistance Eligible Individuals" the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 15 months.

To be considered an "Assistance Eligible Individual" and get reduced premiums you:

- ✓ MUST be eligible for continuation coverage at any time during the period from September 1, 2008 through May 31, 2010 and elect the coverage;
- ✓ MUST have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from September 1, 2008 through May 31, 2010;
- ✓ MUST NOT be eligible for Medicare; AND
- ✓ MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse's employer.

### **◆ IMPORTANT ◆**

- If, after you elect COBRA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify the plan in writing. If you do not, you may be subject to a tax penalty.
- Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.
- The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS webpage on ARRA at [www.irs.gov](http://www.irs.gov).

For general information regarding your plan's COBRA coverage or the administration of the ARRA Premium Reduction you can contact The Charter County of Wayne at (313) 224-7721 or toll-free at (877) 220-7721.

If you are denied treatment as an "Assistance Eligible Individual" you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to: [www.dol.gov/COBRA](http://www.dol.gov/COBRA) or call 1-866-444-EBSA (3272)

*Updated: July 2010*