

NORTHBOROUGH-SOUTHBOROUGH REGIONAL SCHOOL DISTRICT

COBRA CONTINUATION OF COVERAGE

On April 7, 1986, a new Federal law was enacted (public Law 99-272, Title X) requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called, "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your right and obligations under the continuation coverage provisions of the new law referred to as COBRA. Both you and, if applicable, your spouse should take the time to read this notice carefully.

If you are an employee of the Northborough-Southborough Regional School District and are covered by any of the District's Group Health Insurance plans, you have a right to choose continuation coverage if you'd lose your group health coverage because of a reduction in hours of employment, or the termination of your employment (for reasons other than gross misconduct on your part), or if you are a retiree, because your employer has filed for reorganization under Chapter 11 of the Bankruptcy Code.

If you are the spouse of an employee (or a retiree for reason 5 below) covered by any of the District's Group Health Insurance plan, you have the right to choose continuation coverage for yourself if you lose group health coverage under the District's Group Health Insurance plan for any of the following five reasons:

The death of your spouse.

A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment.

Divorce or legal separation from your spouse.

Your spouse becomes entitled to (that is, covered by) Medicare.

Your spouse's employer files for Chapter 11 reorganization.

In the case of a dependent child of an employee (or of a retiree for reason 6, below) covered by one of the District's Group Health Insurance plans, he or she has the right to continuation coverage if group health coverage under that plan is lost for any of the following six reasons:

The death of a parent.

The termination of a parent's employment (for reasons other than gross misconduct) or reduction in a parent's hours of employment.

The parent's divorce or legal separation.

A parent becomes entitled to (that is, covered by) Medicare.

The dependent child ceases to be a “dependent child” under the health plan.

The parent’s employer files for Chapter 11 reorganization .

Under the new laws, the employee or a family member has the responsibility to inform the Regional District Business Office within 60 days of a divorce, legal separation, of the Social Security determination that a family member that was covered by any of the District’s Group Health Insurance plans at the time of the employee’s termination or reduction in hours, was determined to have been disabled at any time during the first 60 days of continuation coverage, or a child losing dependent status under the District’s Group Health Insurance plan. The district has the responsibility to notify the health plan of the employee’s death, termination of employment or reduction in hours, or Medicare entitlement.

When the Business Office is notified that one of these events has occurred, you will be notified that you have the right to choose continuation coverage. Under the new law, you have at least 60 days from the date of the notice of our COBRA continuation coverage rights to inform the Business Office that you want continuation coverage.

If you do not choose continuation coverage, your group health insurance coverage will end.

If you choose continuation coverage, the District is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. The new law requires that you be afforded the opportunity to maintain continuation coverage for 3 years unless you lost group health coverage because of a termination of employment or a reduction in hours. In that case, the required continuation coverage period is 18 months. However the 18 period may be extended to 29 months when the Social Security administration determines that you, another family member covered by the District Group Health Insurance plan at the time of termination of employment or reduction of hours, were/was disabled at any time during the first 60 days of continuation coverage and you inform the Business Office before the end of the 18 month period. If, during an 18 month continuation coverage period another event takes place that might otherwise result in your health coverage ending, coverage may be extended. In no case, other than for a covered retiree and the retiree’s covered family members during the company’s bankruptcy proceedings, may the total amount of continued coverage be more than 36 months.

However, the new law also provides that your continuation coverage may be cut short for any of the following reasons:

The District no longer provides group health insurance to any of its employees.

The premium for your continuation coverage is not paid in a timely fashion

You are covered under another group health plan that does not include a preexisting conditions clause that applies to you or to a covered dependent.

(Effective for group health plans with the plan years beginning on or after July 1, 1997)

You are covered under another group health plan and any preexisting condition exclusions limitations of that plan do not apply or are satisfied by you. (This provision applies individually to each individual with COBRA coverage).

A plan's preexisting conditions exclusion period will be reduced by each month that you and your family had continuous health coverage (including COBRA continuation coverage) with no break in coverage greater than 63 days.

When your COBRA coverage ends, you will receive certification of the duration of the COBRA coverage.

You are entitled to (that is, covered by) Medicare:

You do not have to show that you are insurable to choose continuation coverage. However, under the new law, you may have to pay all or part of the premium for your continuation coverage; you will have a grace period of at least 30 days to pay the premium. (The new law also says that, at the end of the 18 month, 29 month or three year continuation coverage period, you must be allowed to enroll in an individual conversion health plan provided under the District's Group Health Plan beginning April 7, 1986.

If you have any questions about the new law, please contact the Business Office, 53 Parkerville Road, Southborough, MA 01772, (508) 486-5115 X232. Also, if you have changed marital status, or you or your spouse has changed addresses, please notify the Business Office at the above address.