MT. DIABLO UNIFIED SCHOOL DISTRICT
Human Resources
Benefits Office
(925) 682-8000 x 4152
benefits@mdusd.org

COBRA
Initial Notice to Employees and Eligible Family Members

The Consolidated Omnibus Budget Reconciliation Act (COBRA) requires that employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation of coverage") at group rates, in certain instances where coverage under the plan would otherwise end.

It is important that you understand your rights and obligations under the continuation coverage provisions of this federal law. Please share this information with your family members.

You may be eligible to extend your health benefits under the District COBRA continuation coverage if one of the following qualifying events applies to you, and you meet the definition of "qualified beneficiary."

COBRA Qualified Beneficiaries

A qualified beneficiary is any eligible employee or dependent who was enrolled in the health plan on the day prior to the initial qualifying event. A qualified beneficiary does not include any eligible dependent who was enrolled in the COBRA program after the date of the initial qualifying event or any qualified beneficiary who declined COBRA coverage when first eligible and who was later enrolled in the COBRA continuation program.

If you are entitled to COBRA because you are a current or former employee of the Mt. Diablo Unified School District and a child is born to, or adopted by you, while you are on COBRA continuation coverage, you may enroll your new child for COBRA continuation coverage immediately. Also, your newborn or adopted child will obtain "qualified beneficiary" status—in other words, they will have independent election rights and secondary qualifying event rights.

COBRA Qualifying Events

If you are an employee covered by a Mt. Diablo Unified School District health plan, you have the right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (other than gross misconduct).

If you are the spouse of an employee covered by a Mt. Diablo Unified District health plan, you have the right to choose continuation coverage for yourself if you lose group coverage for any of the following reasons:

1. the death of your spouse;
2. termination of your spouse's employment 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

If you are a dependent child of a covered employee, you have the right to continuation coverage if group health coverage is lost for any of the following reasons:

1. the death of your parent (employee)
2. the termination of your parent's employment or reduction in your parent's hours of employment with the District;
3. your parent's divorce or legal separation;
4. your parent (employee) becomes entitled to Medicare; or
5. you cease to be a "dependent child" under the health plan.

COBRA COVERAGE PERIOD

The law requires that you be given the opportunity to maintain continuation coverage for a period of 18 months in the event of termination of employment or reduction in hours. Coverage for dependents who are qualified beneficiaries can be extended for up to 36 months from the original event date if the employee becomes divorced, legally separated, entitled to Medicare or dies during the 18-month period. Continuation coverage for dependent children who are qualified beneficiaries can also be extended for up to 36 months if during the original 18-month period the dependent child no longer meets the definition of dependent under the plan. Additionally, if a dependent loses coverage due to an employee's divorces, legal separation, entitlement to Medicare, death or due to a dependent child losing plan eligibility, coverage may be continued for up to 36 months. However, the law also provides that continuation coverage may be cut short for any of the following reasons:

1. the premium for your continuation coverage is not paid on time;
2. you or your dependents becomes covered under another group health plan; unless a pre-existing condition prevents you from being covered under the new group health plan;
3. you become entitled to Medicare. If you are covered by Medicare on the date your employment ends or your hours are reduced, your eligible dependents are entitled to COBRA coverage for up to 18 months from the date of the qualifying event or, if later, up to 36 months from the date you become covered by Medicare (i.e., COBRA coverage only ends for the person who becomes covered by Medicare);
4. the District is no longer required to contribute to the plan and no longer provides group health coverage to any of its employees.

HOW TO OBTAIN COBRA COVERAGE

Under COBRA, you or a family member has the responsibility to inform the Mt. Diablo Unified School District within 60 days of one of these events:

- a divorce or legal separation, or
- a child losing dependent status under the group health plan.

The District will notify you of your rights to choose continuation coverage within 14 days of receiving your notice. COBRA rights **will be forfeited** if the District is not notified within 60 days of the qualifying event.

The District has the responsibility to notify you regarding continuation coverage within 14 days of the date coverage would otherwise be lost for one of the following reasons:

- your death
- your termination of employment or reduction in hours
- your entitlement to Medicare, or
- the employer's filing for Chapter 11 bankruptcy.

You have 60 days from the date you receive the notification to inform the District that you want COBRA coverage. You do not have to show that you are insurable to choose COBRA coverage. COBRA rights will be forfeited if you or your eligible dependents do not file the COBRA election forms within this 60-day period.

If you do not choose continuation coverage, your group health insurance coverage will end. Your spouse/and or your eligible dependents may elect the continuation coverage, independent of your rejection.

Your initial continuation coverage provided must be identical to coverage provided to similarly situated employees under the plan on the day prior to the qualifying event, although it may be modified if coverage changes for active employees or family members.

COST FOR COBRA COVERAGE

You will be charged the full cost of coverage under the group plan(s) in which you are enrolled, plus an administration charge that is 2% of the group cost. The District will no longer pay any amount toward your health care coverage.

You or your dependents (if any) will have 60 days from the date of this notice or the date coverage ceases, whichever is later, to elect continued coverage. You will then have 45 days from the date you enroll to pay for your continued coverage. The first payment will include the cost of coverage beginning with the first date your coverage would have otherwise ended. After the initial payment, you must pay the required premium by the first days of each month and coverage will be cancelled if your payment is not received within the 30-day grace period following each payment due date. You will be responsible for paying premiums directly to the health plan for continuation coverage.

EXTENSION OF COVERAGE FOR DISABLE PERSONS

If you or a dependent is found by Social Security to be disabled at the time your employment terminated or hours were cut back, you may extend health insurance coverage for up to 29 months, instead of 18 months. To get this extra 11 months of coverage, you must notify the District within 60days of the date that Social Security made the disability determination and before the end of the initial 18-month period. If Social Security makes a determination of disability prior to the date your employment ends or your hours are reduced, then you must notify the District within 60 days of the date your employment ends or hours are reduced. You also must notify the District within 30 days if the Social Security disability determination expires. The cost of coverage during the 19th through the 29th month extension period will be 150% of the monthly group cost.

If you elected COBRA continuation coverage based on termination of employment or reduction of hours, and you become disabled (as determined by Social Security) anytime **within the first 60 days** of COBRA continuation coverage, you and your covered family members may elect a special 11-month election, for a total of 29 months of COBRA continuation coverage. To elect the 11-month extension you must notify the District within 60 days of the date Social Security determines that you or your family member is disabled and within the first 18 months of COBRA continuation coverage.

ADDITIONAL CONTINUATION OF COVERAGE RIGHTS FOR HMO-COVERED QUALIFIED BENEFICIARIES

If you terminated employment with the District at age 60 or over, and you worked for the District for at least the five years prior to your termination of employment, and you and your spouse elected COBRA coverage under an HMO, you and your spouse may be eligible for an extension of continuation coverage beyond the date COBRA coverage ends. **You should contact the HMO in writing within 30 days prior to the date COBRA coverage is scheduled to end to elect this coverage.**

PRE-EXISTING CONDITION LIMITATION

COBRA coverage may be terminated when you become covered under another group health plan, but only if the other plan does not contain an exclusion or limitation that affects a pre-existing condition you have. If you do become covered under another group health plan and are affected by a pre-existing condition limitation, COBRA may be cut off as soon as that pre-existing condition limitation is satisfied due to the new plan's crediting toward the limitation of any prior coverage you had.

If you have any questions about your initial enrollment of COBRA, please contact the Benefits Department at benefits@mdusd.org or (925)682-8000, extension 4152.