

# **THE CALIFORNIA STATE UNIVERSITY**



## **CONSOLIDATED COBRA PROCEDURES for DENTAL, HEALTH, VISION and HEALTH CARE REIMBURSEMENT ACCOUNT**

### **ADMINISTRATIVE MANUAL**

**Revised January 1, 2005**

**California State University  
COBRA ADMINISTRATIVE MANUAL**

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THE CALIFORNIA STATE UNIVERSITY  
COBRA ADMINISTRATIVE GUIDE

(Health, Dental, Vision and Health Care Reimbursement Account)

This document is intended to serve as a guide to assist campuses in understanding and handling problems in the administration of COBRA continuation coverage. This document supersedes any previous communications.

**SECTION 1 - INTRODUCTION**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 was enacted into law on April 7, 1986. Certain changes to COBRA have been made through amendments contained in the Tax Reform Act of 1986 (TRA), the Technical and Miscellaneous Revenue Act of 1988 (TAMRA), the Revenue Reconciliation Act of 1989 (REVRA), the Omnibus Budget Reconciliation Act of 1990 (OBRA), the Small Business Job Protection Act of 1996 (SBJPA), and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Internal Revenue Service (IRS) issued a revised and updated set of Proposed Regulations on January 7, 1998. On February 2, 1999, the IRS issued the Final Regulations based upon the Proposed Regulations interpreting the COBRA continuation coverage requirements published in June 1987 and January 1998. The Final Regulations represent a restatement of the 1987 proposed regulations and are effective as of January 1, 2000. The final regulations apply with respect to “qualifying events” occurring in plan years beginning on or after January 1, 2000. COBRA applies to government employers such as the California State University through the Public Health Service Act.

**1.1 Eligibility**

Generally, COBRA provides that virtually all employers who sponsor group health plans must permit covered individuals who lose coverage under the plan(s) as a result of certain “qualifying events” set forth in COBRA to elect to continue their coverage under the plan(s) for a prescribed period of time on a self-pay basis.

The following three elements are necessary to trigger COBRA eligibility:

1. The individual must be a “qualified beneficiary” (see Section 1.3);
2. The individual must experience a “qualifying event” (see Section 1.4); and
3. The individual must lose group coverage as a result of that qualifying event, within a certain time period.

Qualified beneficiaries are eligible to continue health, dental and vision coverage for up to 18, 29 or 36 months, depending on the qualifying event. Employees enrolled in the Health Care Reimbursement Account (HCRA) plan may continue participation only until the end of the plan year, if certain criteria are met (see Section 2).

Faculty Early Retirement Program (FERP) employees carry health and dental coverage into retirement, but vision is continued on a 12-month one time payment basis with reemployment. If at the end of the 12-month appointment a FERP employee is not reappointed, he/she has COBRA vision continuation rights for up to 18 months. Other eligible retirees only carry health and dental coverage into retirement and should be offered COBRA continuation coverage for vision. Upon retirement, the

dental coverage for CSU employees is reduced to the Basic level of coverage, which, according to COBRA regulations constitutes a “loss of coverage.” Consequently, eligible CSU retirees should be offered COBRA continuation for dental at the level he/she was covered under prior to retirement.

## 1.2 Coverage

Individuals who elect COBRA coverage must be provided with the same coverage that they received prior to the qualifying event. Qualified beneficiaries must be treated the same as “similarly situated” non-COBRA beneficiaries with respect to coverage options, benefit limitations, and conversion rights available under the group health plan.

COBRA coverage consists of two parts: Core coverage is medical coverage and non-core coverage refers to dental, vision and Health Care Reimbursement Account (HCRA). As active employees have the option of enrolling in core and/or non-core coverage, so do COBRA participants. They may continue all medical, dental, vision and/or HCRA coverage they have at the time of the "qualifying event," or they may continue only part of their coverage (i.e., medical only, dental only, vision only, or HCRA only).

COBRA participants may not enroll in a plan they do not have coverage under at the time of the qualifying event. COBRA participants must continue coverage with their current carriers until the annual open enrollment period, at which time they may make changes, unless they experience a HIPAA special enrollment or a change in status event that allows for a mid-year change. Employees (qualified beneficiaries) with HMO health plans or prepaid (DMO) dental coverage may change to a different carrier before the next open enrollment period if they move out of the service areas. They may enroll in any plan(s) that will extend coverage to the new location.

Under COBRA, the employee (qualified beneficiary) remains in the group plan without any change in benefits. The current evidence of coverage booklet applies and any future changes in benefit provisions or premium rates apply to COBRA participants, as well as to regular participants.

## 1.3 Qualified Beneficiary

A "qualified beneficiary"(QB) is any individual (i.e., an employee and his/her spouse or domestic partner and children) covered under the group health plan(s) on the day before the “qualifying event” (see Section 1.4). The Health Insurance Portability and Accountability Act (HIPAA) amended COBRA to provide that “children who are born to an employee or placed for adoption with an employee during the period in which the employee is receiving COBRA coverage will henceforth become qualified beneficiaries” even though they were not covered under the plan on the day before the qualifying event.

Domestic partners are not recognized as legal spouses under federal law. However, for purposes of the CSU plans (dental, vision, Health Care Reimbursement Account (HCRA)) and CalPERS health plans, domestic partners who are members of a “registered domestic partnership” as defined by California law, and registered through the California Secretary of State process, and their eligible children covered under any of the CSU and CalPERS group health plans at the time of a “qualifying event” are considered qualified beneficiaries and should be offered COBRA continuation coverage when qualifying events occur. Effective January 1, 2005, pursuant to Assembly Bill (AB) 205, eligible domestic partnerships include a “union other than marriage validly formed in another jurisdiction that is substantially equivalent to a registered domestic partnership in California.”

Qualified beneficiaries have independent election rights.

#### **1.4 Qualifying Events**

"Qualifying events" are certain types of events that would cause an individual to lose coverage under the group health plan(s). The qualifying events with respect to an employee who is a qualified beneficiary are:

1. Termination of employment (for reasons other than gross misconduct); and
2. Reduction in the employee's hours of employment.

Qualifying events with respect to an employee's spouse or domestic partner, or children who are qualified beneficiaries, are:

1. Termination of the employee's employment (for reason's other than gross misconduct);
2. Reduction in the employee's hours of employment;
3. Death of the employee;
4. Divorce or legal separation or dissolution of domestic partnership from covered employee;
5. The employee's entitlement to Medicare; or
6. A child's loss of dependent status.

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## **SECTION 2 - ADMINISTRATION**

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### **2.1 Enrollment**

Enrollment instructions for COBRA continuation coverage may vary by plan. If an individual elects to continue dental and/or vision coverage, follow the carrier's COBRA enrollment instructions; for health coverage, follow CalPERS' instructions; and for HCRA, follow CSU guidelines.

For continuation coverage in a CalPERS health plan, eligible employees and/or qualified beneficiaries must complete a CalPERS "Group Continuation Coverage" form (HBD-85) and an election form. For specific information and instructions for completing the forms, refer to the CalPERS Health Benefits Procedures Manual.

The dental and vision carriers provide campus staff with specific COBRA enrollment procedures and forms. COBRA enrollment forms for the Health Care Reimbursement Account (HCRA) are provided by the Chancellor's Office Systemwide Human Resources. COBRA premiums for dental and vision are submitted to the carriers/providers. HCRA premiums are submitted directly to the Third Party Administrator. The dental, vision and HCRA providers will then contact the COBRA enrollees directly. Thereafter, COBRA premiums are to be submitted with the billing statement supplied by the carrier/provider.

## **2.2 Responding to Provider Inquiries**

The Plan must respond to provider inquiries (such as a physician, hospital, HMO or pharmacy) in a timely manner regarding a qualified beneficiary's coverage status. Upon such an inquiry, the plan must inform a provider that the qualified beneficiary for whom coverage has not yet been elected (i.e., during the election period) is eligible for continuation coverage, but that the coverage has been terminated and will be retroactively reinstated if the COBRA election is made and paid for within the proper time frame.

## **2.3 Disability Extension**

The employee or dependent also is responsible for notifying the campus of his/her Social Security disability determination within 60 days of receipt, and prior to the end of the initial 18 month period in order to receive the extension of COBRA eligibility from 18 months to up to 29 months. Once he/she is no longer disabled, the campus must be notified within 30 days of final Social Security determination for termination of the COBRA coverage. The Social Security determination notice should be sent to the carrier and a copy should be placed in the employee file or COBRA file. Refer to Section 3.2 for additional continuation provisions.

## **2.4 Leave of Absence**

Employees on a leave of absence without pay who have chosen to direct pay benefits and do not return from leave to a qualifying appointment, may qualify for COBRA coverage. If an employee takes FMLA leave and does not return to work at the end of the leave, the employee (and the employee's dependents, if any) will be entitled to elect COBRA if (1) they were covered under the CSU's health plans on the day before the FMLA leave began (or become covered during the FMLA leave); and (2) they will lose health plan coverage because of the employee's failure to return to work at the end of the leave. If the employee is on direct pay and a covered dependent turns 23, the dependent would be eligible for COBRA coverage. The standard COBRA procedures and timelines would apply. Refer to Section 7 for information on Family Medical Leave (FMLA).

## **2.5 Adding Dependents**

Qualified beneficiaries must be permitted the same rights during open enrollment periods as similarly situated (active) employees. During any open enrollment period COBRA participants may enroll family members in the plan(s) and change the type of coverage they are receiving.

Qualified beneficiaries are permitted to add dependents (even those for whom COBRA was initially declined), mid year and at open enrollment, to the same extent active employees are allowed to add dependents. Newly acquired eligible dependents may be added to COBRA coverage within 30 days of that event, or during a subsequent open enrollment period. Newly acquired eligible dependents will not be considered qualified beneficiaries for COBRA purposes unless they are gained through birth, adoption or placement for adoption and are enrolled within 30 days of the birth, adoption or placement for adoption. Coverage must be the same as the employee's (see Section 2.6).

## **2.6 HIPAA Special Enrollment Periods**

The Health Insurance Portability and Accountability Act (HIPAA) requires that group health plans provide special enrollment periods during which eligible individuals who previously declined coverage (or did not enroll when first eligible) must be permitted to enroll in the plan. Newly acquired eligible dependents of qualified beneficiaries enrolled in COBRA may be added to COBRA coverage within 30 days of that event, or during a subsequent open enrollment period. Coverage must be the same as the qualified beneficiary's. Specifically, HIPAA requires that a group health plan must permit the enrollment of a qualified beneficiary's dependent who previously declined coverage under the plan if:

1. The qualified beneficiary is enrolled in COBRA;
2. The qualified beneficiary's dependent was covered under another group health plan at the time coverage was initially offered; and
3. The dependent lost eligibility for the other coverage (other than for nonpayment of premium) and the qualified beneficiary requests enrollment for the dependent no later than 30 days after the termination of the other coverage.

In addition, HIPAA requires that a group health plan must permit the enrollment of new dependents if a qualified beneficiary gains a dependent through marriage, birth, adoption or placement for adoption, and the request for enrollment is within 30 days of the date the individual became a dependent.

Coverage for dependent children will be retroactive to the date of birth, adoption, or placement for adoption. For all other events, coverage will be effective on the first day of the month following enrollment.

Note, COBRA regulations specifically clarify that the HIPAA special enrollment rules do not operate to permit an employee who had declined COBRA continuation coverage to enroll after the COBRA election period has expired.

## **2.7 FlexCash**

Employees currently enrolled in and receiving FlexCash in lieu of medical and/or dental coverage are ineligible for COBRA continuation coverage for that particular plan.

## **2.8 Health Care Reimbursement Account (HCRA) Continuation**

An employee qualified beneficiary (QB) may be able to continue participation in the Health Care Reimbursement Account (HCRA) for the remainder of the current plan year if there is an account balance at the time of the qualifying event.

Employee QBs who elect to continue HCRA participation make payments on an after-tax basis, and pay an additional 2% administrative fee. The employee QB will have access to his/her HCRA account balance for the remainder of the year. If the employee does not qualify to continue participation in HCRA, the account balance may be forfeited. Note that employees can continue to

submit claims incurred prior to the date that their participation in the HCRA plan ended. Eligibility for participation in the HCRA plan ceases at the end of the plan year.

If an employee dies or gets divorced while enrolled in the HCRA plan, eligible dependents may participate in the HCRA plan and submit claims for their own unreimbursed medical expenses, or for expenses incurred by the employee prior to death, through the end of the plan year.

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## **SECTION 3 - COVERAGE PERIOD**

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### **3.1 18-Month Coverage**

The following events qualify an employee and/or family member(s) enrolled in Health, Dental and Vision for up to 18 months of continued coverage:

1. Termination of employment for reasons other than gross misconduct.<sup>1</sup> Termination includes voluntary or involuntary termination, a strike, a walkout or layoff, if there is a loss of coverage. (Termination also includes retirement.)
2. Reduction of hours that results in the loss of eligibility (e.g., employed less than half-time or less than .4 for "AB211 employees").

Continued participation in HCRA is allowed only until the end of the plan year, if certain criteria are met (see Section 3).

<sup>1</sup>"Gross Misconduct" has not been defined in the federal legislation, and CalPERS has no additional guidelines, making each agency responsible for the administration of this issue. Employees who are denied COBRA continuation coverage may appeal the decision through the federal Department of Health and Human Resources. Since there are no guidelines for gross misconduct, denial of continuation coverage should be carefully reviewed.

### **3.2 29-Month Disability Extension**

Certain qualified individuals can extend COBRA continuation coverage due to a disability. If a qualified beneficiary is determined by the Social Security Administration (pursuant to Title II or Title XVI of the Social Security Administration) to have been disabled on the date of termination or reduction in hours, or within the first 60 days of continuation coverage due to such event, continuation coverage may be provided for up to 29 months, instead of 18 months. This extension does not apply to HCRA enrollment.

A disabled extension may be elected independently for each qualified beneficiary (the disabled person or any family member). To qualify for the additional 11 months of coverage, the carrier must be notified within 60 days of the date 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 employment ends or hours are reduced, then CSU must be notified within 60 days of the date employment ends or hours are reduced. CSU (or the carrier) must be notified within 30 days if the Social Security disability determination expires.

Individuals who qualify for the disabled extension, but who are not part of the family unit that includes the disabled person, may continue to be charged 102% of the applicable group rate. (This situation might occur, for example, if there is a divorce or legal separation, or if the disabled person

does not elect to continue coverage for the additional 11-month period.) Individuals who qualify for the disabled extension, who are part of the family unit that includes the disabled person, may be charged up to 150% of the applicable group rate for the 19<sup>th</sup> through the 29<sup>th</sup> month. The cost of coverage during the 19<sup>th</sup> through 29<sup>th</sup> month extension period will be 150% of the monthly group cost. If a second qualifying event occurs during the disabled extension, the 30th through 36th month should be charged at 102%.

### 3.3 36-Month Coverage

The following events qualify eligible qualified beneficiaries enrolled in the Health, Dental and/or Vision plans for continued coverage for up to a maximum of 36 months:

1. Death of covered employee/retiree;
2. Divorce or legal separation<sup>1</sup> of a spouse (or dissolution of domestic partnership) from a covered employee/retiree;
3. Termination of a child's dependent status (e.g., dependent reaches age 23 or marries);
4. Covered employee/retiree's entitlement to Medicare (Health Only); or
5. Moving out of the household<sup>1</sup> (Health Only).

<sup>1</sup>Federal legislation identifies a "Legal Separation" as a qualifying event, and COBRA coverage must be offered. The "legal separation" process is handled through judicial channels. For purposes of dental and vision coverage only, employees who separate from their spouses (or "move out of the household") without filing for "legal separation" status through the court, and those who file for divorce in lieu of a "legal separation" are not eligible for COBRA continuation coverage until the divorce (if any) becomes final, and then only if they are enrolled in the plan on the date of divorce. However, if a spouse is dropped from the Plan in anticipation of divorce, the spouse will be eligible for COBRA when the divorce becomes final. *Although not a legal requirement, CalPERS recognizes "moving out of the household" as a qualifying event for purposes of continued health coverage. This option is not available for participants in the CSU dental, vision and HCRA plans.*

### 3.4 Multiple Qualifying Events

If a qualifying event occurs that triggers an 18-month continuation coverage period (i.e., a termination of employment, for reasons other than gross misconduct, or a reduction in hours) and then a second qualifying event occurs during that 18 month period, the maximum continuation coverage period will be extended to 36 months from the date of the first qualifying event. This extension applies only to a qualified beneficiary who became a qualified beneficiary as a result of the first qualifying event and was still covered under the group health plan when the second qualifying event occurred.

Each qualified beneficiary may make a separate COBRA election. For example, an employee may elect not to continue coverage but the spouse and/or dependent children may elect to continue coverage. Elections on behalf of minor children are made by a parent or guardian. A spouse or legal representative can make an election on behalf of a qualified beneficiary if the beneficiary becomes incapacitated or dies prior to election.

### **3.5 Additional Continuation of Coverage Rights for Certain Qualified Beneficiaries (for California only)**

#### **A. California Continuation Coverage**

Pursuant to Section 1363.621 of the Health and Safety Code, and Sections 10116.5 and 11512.03 of the Insurance Code, certain qualified beneficiaries may elect additional continuation coverage. Under the “California Continuation Coverage,” the employee and/or spouse (former/current) or domestic partner may be eligible to continue medical coverage (not vision or dental) after the initial 18-month COBRA continuation period ends if:

1. Employment with CSU is terminated at age 60 or over,
2. The employee worked for CSU at least five years prior to termination of employment, and
3. The employee and spouse or domestic partner continued medical coverage under COBRA.

The employee (and spouse, if applicable) should be instructed to contact the HMO or insurance carrier in writing within 30 days prior to the date COBRA coverage is scheduled to end to request this extended coverage. (Note: this information should be included in the COBRA election material.) Coverage begins when the COBRA coverage ends and will continue until the earliest of the following:

1. The individual turns age 65;
2. The individual is covered by a group medical plan not sponsored by CSU;
3. The individual becomes entitled to Medicare; or
4. CSU no longer maintains the group plan, including any replacement plan.

For a spouse or domestic partner, coverage will end five years from the date COBRA continuation coverage ends. If the employee’s coverage ends, the spouse may continue coverage until one of the terminating events applies to him/her. Premiums for the California Continuation Coverage are 213% of the corresponding group rate.

#### **B. Additional Continuation Coverage – Assembly Bill (AB) 1401**

Assembly Bill (AB) 1401 permits specified individuals who begin continuation coverage on or after January 1, 2003, and who subsequently exhaust all available Federal COBRA continuation coverage, the opportunity to extend their coverage term up to 36 months, regardless of the nature of the initial COBRA qualifying event. The provisions of AB 1401 apply to medical coverage only (not dental or vision) and became effective on September 1, 2003. Premiums are 110% of the corresponding group rate.

For example, an individual who terminated employment (sometime after January 1, 2003) may continue coverage for 18 months under Federal COBRA (at a cost of 102%), and then may request continued coverage for an additional 18 months (at a cost of 110%) under AB 1401. An individual who meets the Social Security Administration’s definition of disabled (which entitles the disabled individual to up to 29 months of continuation coverage) is eligible for an additional seven months of coverage under AB 1401. The coverage cost

would be 102% for 18 months of coverage under Federal COBRA, 150% during the disability extension period (months 19 through 29) and 110% for the additional seven months of coverage under AB 1401.

Participants must apply for the extension directly with the insurance carrier or medical plan prior to the expiration of their Federal COBRA coverage. Participants should be referred to CalPERS or their medical plan for additional information.

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## SECTION 4 - NOTICES

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### 4.1 Notice Requirements

COBRA contains six separate notice requirements. Five of the six notices are discussed below. The sixth notice, Employer Notice to Plan Administrator, is not currently applicable to the California State University (CSU). CSU must provide written (“initial”) notice of COBRA rights to each covered employee and his or her spouse or domestic partner, if any, when coverage under a particular plan first commences. A second notice (“qualifying event”) of COBRA rights must be furnished to all qualified beneficiaries at the time a qualifying event occurs. In addition, other notices may be required as outlined below. The Health, Dental, Vision and Health Care Reimbursement Account (HCRA) Evidence of Coverage booklets have examples of COBRA continuation rights. The delivery of these booklets to employees does not replace the notices that must be mailed out by the campus.

### 4.2 Initial Notice

The initial notice of COBRA rights for new hires, and their covered dependents must be mailed first class by the campus to the employees' last known address (see the sample “Model Statement” in Section 13). The notice should be addressed to both the employee and his/her spouse or domestic partner and should be provided within 90 days after coverage begins. If it is determined that the spouse does not reside at the employee’s last known address, good faith compliance can be achieved by sending a *separate* first-class mail notice to the spouse or domestic partner at his/her last known address. This shall be provided at the commencement of coverage.

### 4.3 Qualifying Event (Election) Notice

Upon being notified of a qualifying event, the campus must provide a second COBRA notice (a “qualifying event” notice) to qualified beneficiaries who lost (or will lose) coverage as a result of the qualifying event. This notice requirement is distinct from the initial COBRA notice requirement. Enrollees (employee and/or spouse or domestic partner and/or dependents) who are eligible as defined by the qualifying events must be notified by first class mail, explaining possible rights and responsibilities, at their last known address within 14 days of the qualifying event. See the “Qualifying Event (Election) Notice” in Section 13.

### 4.4 Employee Responsibility

It is the responsibility of the employee or covered dependent to notify the campus Benefits Representative within 60 days of a divorce, legal separation, dissolution of domestic partnership, or termination of a child's dependency/eligibility.

It is important for campuses to retain sufficient documentation regarding the procedures and actions taken to comply with notice requirements. In the event of a lawsuit by a qualified beneficiary claiming not to have received a COBRA notice or COBRA coverage, it may be necessary, in order to avoid liability, to prove that the notices were provided. Failure to provide the required COBRA notices in a timely manner may result in imposition of statutory penalties and an award of damages.

#### **4.5 Unavailability Notice**

If CSU receives a notice from an individual who believes he or she is eligible for COBRA (or a COBRA extension), but is not eligible, CSU must send the individual written notice that the individual is not eligible. The notice should be mailed first class. The notice must be provided within 14 days of the individual request for COBRA and must explain that COBRA is not available and why. See the “Notice of Unavailability” in Section 13.

#### **4.6 Early Termination Notice**

If COBRA coverage will end early, the affected qualified beneficiaries must be notified. This notification will be handled by the insurance carriers, dental COBRA administrator, HMOs and HCRA claims administrator.

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### **SECTION 5 - ELECTION PERIOD**

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#### **5.1 Timely Election**

After notification following a qualifying event, the eligible employee and/or spouse/dependent will have 60 days to elect COBRA continuation coverage. The 60-day election period is measured from the later of the loss of coverage date, or from the date of the COBRA Qualifying Event Notification.

The Plan must also accept a timely election (and/or a premium payment) on behalf of a qualified beneficiary from a provider, if received, in order to preserve the coverage. Elections also may be made by a third party (e.g., in order to comply with a court order).

#### **5.2 Making a COBRA Election**

COBRA regulations provide that a qualified beneficiary’s election is treated as “made” on the date that it is sent to the campus. Accordingly, an election received after the 60-day election period, but which is postmarked (or otherwise sent) on or before the 60<sup>th</sup> day, would be considered timely. The enrollee will then have 45 days from the election date to submit premium payment (see Section 9).

Each qualified beneficiary (including a child who is born to or placed for adoption with a covered employee during the period of COBRA continuation coverage) must be offered the opportunity to make an independent election to receive COBRA continuation coverage. An employee and his/her spouse or domestic partner can elect COBRA coverage on behalf of other qualified family members. However, they cannot reject or waive COBRA coverage on behalf of another qualified beneficiary. The only exception is for minor children, whose elections to either continue or reject coverage can be made on their behalves by their parents or legal guardians (regardless of whether the parent or guardian is a qualified beneficiary).

A legal representative (or a qualified beneficiary's estate) can make an election for an incapacitated qualified beneficiary. If a covered employee or spouse or domestic partner elects COBRA coverage and the election does not specify whether the election is for self-only coverage, the election will be deemed to include an election for all other qualified beneficiaries with respect to that qualifying event.

### **5.3 Failure to Make a Timely Election**

A qualified beneficiary who fails to elect continuation coverage within the 60-day election period ceases to be a qualified beneficiary once the election period expires and is no longer eligible to elect COBRA coverage with respect to that particular qualifying event. Once qualified beneficiary status is lost, reinstatement is not allowed.

### **5.4 Waiver of Rights**

Qualified beneficiaries are free to waive or reject COBRA continuation coverage. For any individual who decides not to elect COBRA, CSU does not require evidence of waiver. However, if a written waiver is submitted, it is considered to be made on the date it is sent to the employer, as applicable. The campus should retain a written waiver as proof that continuation coverage was in fact rejected.

### **5.5 Revoking Waiver of Rights**

COBRA regulations provide that, prior to the expiration of the 60-day election period, a qualified beneficiary who has waived COBRA coverage (e.g., sent a letter to the campus stating that he or she does not want COBRA coverage) has the right to revoke that waiver. A revocation of a waiver is an election of continuation coverage. The revocation of the waiver and the subsequent election of COBRA coverage must be made within the 60-day election period. If a qualified beneficiary either elects, or waives COBRA coverage before the 60-day election period expires, he or she is entitled to change the election or revoke the waiver of COBRA continuation coverage at any time during the remainder of the 60-day election period. Waivers and revocation of waivers of COBRA coverage are treated as *made* on the date that they are *sent* to the campus. COBRA coverage will be effective back to the date of the loss of coverage if a waiver is properly revoked.

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## **SECTION 6 - MEDICARE ENTITLEMENT**

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### **6.1 Explanation of Medicare**

Medicare is a federally funded health insurance program authorized by Title XVIII of the Social Security Act [42 USC §§ 1395-1395cc) established to ensure that covered individuals receive certain levels of medical assistance. It provides health insurance coverage to individuals age 65 and older, those who are disabled but have not yet attained age 65, and those who suffer from end-stage renal disease (ESRD). The Medicare program is administered by the Center for Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS).

## 6.2 Eligible Versus Entitled

Medicare *entitlement* can affect an individual's eligibility for COBRA coverage and the duration of coverage. It is important to distinguish between whether an employee or other qualified beneficiary is *entitled* to Medicare or merely *eligible* for Medicare. Eligibility for Medicare will not affect the COBRA rights of covered employees and their family members. This is because COBRA specifically requires that an employee must be entitled to Medicare, not merely eligible for Medicare, to trigger the COBRA rights of his or her family members. Additionally, COBRA requires that a qualified beneficiary must be entitled to, not merely eligible for Medicare, in order for continuation coverage to be terminated before the statutorily prescribed COBRA period expires.

COBRA Regulations state that a qualified beneficiary becomes entitled to Medicare benefits upon the effective date of enrollment in either Part A or Part B of Medicare, whichever occurs earlier. Regulations also note that merely being eligible to enroll in Medicare does not constitute being entitled to Medicare benefits.

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## SECTION 7 - FAMILY AND MEDICAL LEAVE ACT (FMLA)

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The Family and Medical Leave Act (FMLA) requires CSU to offer 12 weeks of unpaid leave in a specified 12 month period to eligible employees for specified purposes. During an FMLA leave, health care coverage must be continued at the same level and under the conditions coverage would have been provided if the employee had continued in employment continuously for the duration of the leave, at active employee rates. IRS regulations provide that the taking of FMLA leave is not itself a COBRA qualifying event, because no loss of coverage occurs during the leave. Instead, the qualifying event occurs on the last day of the FMLA leave when the employee on FMLA leave does not return to work at the end of the FMLA leave and loses coverage under the group health plan as a result of that failure to return, or the date that the employee informs CSU that he/she will not return to work, if earlier.

Regulations also provide that COBRA cannot be contingent on payment by the employee of group health plan premiums due for the period of FMLA leave.

Regulations also provide that any lapse of coverage during FMLA leave is disregarded for purposes of determining if a COBRA qualifying event occurs on the last day of the leave. No qualifying event occurs if, during the FMLA leave, CSU eliminates group health coverage for a particular employee's classification, or employee category.

Upon notification that an employee will not return to work upon expiration of the FMLA leave, the COBRA qualifying event (election) notice should be provided. Regular qualifying event notice rules apply in FMLA leave situations.

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## **SECTION 8 - TERMINATION OF COVERAGE**

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COBRA coverage for health, dental and/or vision will cease if one of the following events occurs prior to the expiration of the 18, 29 or 36 month continuation period:

1. Failure to pay required premiums on time (e.g., within the monthly 30 day grace period).
2. Termination of the CSU-provided health, dental and/or vision plans for all employees.
3. Entitlement to Medicare benefits (Health Benefits only).
4. Coverage is subsequently obtained under another group plan (as an employee or dependent) provided the plan does not contain any exclusion or limitation with respect to pre-existing conditions that affect the covered individual. If the new plan excludes coverage for a pre-existing condition, the beneficiary may continue the COBRA coverage under the prior plan until such time as the exclusion or limitation no longer applies (subject to normal COBRA maximum periods).
5. The individual extended coverage for up to 29 months due to disability and there has been a final determination that the individual is no longer disabled. Note: Federal law requires an individual to notify the plan administrator within 30 days of any final determination that he/she is no longer disabled. Coverage will not be terminated until the first of the month following the date that is 30 days after the individual notifies the plan administrator of the Social Security determination. If the individual has other coverage (including group health insurance, individual coverage, or Medicare) at the time of the qualifying event, or before COBRA is elected, COBRA must still be offered.

When COBRA continuation coverage is exhausted or terminated, all individuals losing coverage must be provided with a certification of coverage, in accordance with the Health Insurance Portability and Accountability Act (HIPAA). This function is handled by the individual benefit carriers.

For the Health Care Reimbursement Account (HCRA) plan, participation will be terminated at the end of the plan year.

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## **SECTION 9 - COBRA PREMIUMS**

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### **9.1 Administrative Fee**

Premium rates for COBRA continuation coverage vary from 102% to 150% depending on the qualifying event. Participants continuing coverage under COBRA must pay the full COBRA, premium; there is no CSU employer contribution toward this continuation coverage. CalPERS publishes the COBRA premium rates for the health plans. Dental and vision COBRA premiums are distributed by CSU, Chancellor's Office, Systemwide Human Resources (see Section 11). HCRA premiums are equivalent to the monthly contribution amount made while the individual was actively employed plus 2%.

Generally, COBRA premiums are 102% of the group premium. However, individuals who are disabled and continue coverage for 29 months pay 102% for the first 18 months, and up to 150% for the next 11 months. If only non-disabled individuals continue coverage, the premium cannot exceed 102% for the extension period.

COBRA premiums must be paid so coverage is continuous after termination from the group coverage; therefore, the initial payment must include retroactive premium amounts. The initial COBRA premium payment, including any retroactive amounts, is due within 45 days of the election to continue coverage. Subsequent monthly payments are due at the carrier by the 1st of the month preceding the month of coverage. A 30-day grace period must be provided.

## **9.2 Grace Period**

COBRA provides for two grace periods within which COBRA premiums must be paid. In general, the initial premium payment must be made within 45 days of the COBRA election, and all other premium payments must be made within 30 days after the first day of the coverage period to which they relate.

Premium payment is not required for any period of COBRA coverage earlier than 45 days after the date of the election. Since the grace period applies to premium due for the periods of coverage prior to the date of the election, several months' premiums could be due and outstanding. If these payments are not made by the 45<sup>th</sup> day, coverage may be terminated and need not be subject to reinstatement. If payment is made within the 45-day grace period, coverage must be restored retroactively to the date coverage was lost.

## **9.3 Deficient Premium Payments**

There are specific rules regarding a plan's obligations when a premium payment is deficient by an amount that is "not significantly less" than the amount due. Under these rules, the plan must treat the deficient payment as satisfying the payment requirement ("paid in full"), or notify the qualified beneficiary of the amount of the deficiency and furnish him/her with a reasonable amount of time (e.g., 30 days) in which to make payment. COBRA regulations do not define the term "significant" for purposes of this rule; however, it is suggested that an amount is not "significant" if it is such a small amount that it would be unreasonable to attribute the deficiency to anything other than a mistake.

## **9.4 Late Payments**

If the COBRA premium is not paid within the grace period (i.e., 30 days), the plan has the authority to terminate COBRA coverage. However, if the COBRA payment received is short by an insignificant amount, the plan must notify the qualified beneficiary of the deficient amount and grant him or her a period of 30 days to pay the deficient amount.

## **9.5 Acceptance of Payments**

The Plan must accept a timely premium payment on behalf of a qualified beneficiary from a provider, if received, in order to preserve the coverage. Premium payments may also be made by a third party (e.g., in order to comply with a court order).

**SECTION 10 - CONVERSION PRIVILEGE**

Employees and dependents are entitled to convert to an Individual Conversion Policy instead of COBRA, or conversion can follow COBRA coverage. In the event the individual does not elect COBRA coverage, he/she may still apply for conversion to an individual medical policy by making an application within 30 days from the date coverage terminates to ensure continuous coverage. Even if the individual elects COBRA coverage, he/she will have the option to convert medical coverage to an individual policy during the last 180 days of the maximum 18, 29, or 36-month COBRA continuation period, if a conversion policy is available.

When an individual elects individual conversion, he or she forfeits all COBRA continuation rights and may not elect COBRA continuation later. However, if COBRA continuation coverage is elected, he/she may convert to an individual policy only after the end of the full COBRA period and, only if he/she maintains the coverage throughout the COBRA continuation period. All CalPERS health plans offer the conversion policy option; however, the cost for it will differ from the cost of previous coverage. Premiums are paid directly to the insurance carrier.

**SECTION 11 - COBRA GROUP ENROLLMENT RATES**

*Dental Rates are effective 1/1/2005 through 12/31/2005*

**11.1 DELTA DENTAL**

| <b>Dental Plan</b>             | <b>Group Number</b> | <b>Eligible Group</b>             | <b>Enrollment</b> | <b>102% Premium</b> |
|--------------------------------|---------------------|-----------------------------------|-------------------|---------------------|
| <b>Delta Basic</b>             | 4918-2091           | Public Safety (unit 8)            | Single Person     | \$27.21             |
|                                | 4918-2091           | E99                               | Two People        | \$51.42             |
|                                |                     |                                   | Three or More     | \$103.25            |
| <b>Delta Enhanced Level I</b>  | 4918-3091           | CMA Operating Engineers (Unit 10) | Single Person     | \$33.13             |
|                                | 4918-3091           | Teaching Associates (Unit 11)     | Two People        | \$62.67             |
|                                |                     |                                   | Three or More     | \$129.15            |
| <b>Delta Enhanced Level II</b> | 4918-4091           | Executive (M98)                   | Single Person     | \$40.99             |
|                                | 4918-4091           | Management Personnel Plan (M80)   | Two People        | \$77.34             |
|                                | 4918-4091           | Confidential (C99)                | Three or More     | \$151.10            |
|                                | 4918-4091           | Physicians (Unit 1)               |                   |                     |
|                                | 4918-4091           | CSEA (Units 2, 5, 7, 9)           |                   |                     |
|                                | 4918-4091           | Faculty (Unit 3)                  |                   |                     |
|                                | 4918-4091           | Academic Support (Unit 4)         |                   |                     |
|                                | 4918-4091           | Skilled Crafts (Unit 6)           |                   |                     |
|                                | 4918-4091           | FERP Annuitants                   |                   |                     |

**11.2 PMI DELTACARE**

| <b>Dental Plan</b>  | <b>Group Number</b> | <b>Eligible Group</b>               | <b>Enrollment</b> | <b>102% Premium</b> |
|---------------------|---------------------|-------------------------------------|-------------------|---------------------|
| <b>PMI Basic</b>    | 2M76                | Public Safety (Unit 8)              | Single Person     | \$17.40             |
|                     | 2M76                | CMA Operating Engineers (Unit 10)   | Two People        | \$28.71             |
|                     | 2M76                | E99 (Teaching Associates) (Unit 11) | Three or More     | \$42.45             |
| <b>PMI Enhanced</b> | 2M80                | Executive (M98)                     | Single Person     | \$23.13             |
|                     | 2M80                | Management Personnel Plan (M80)     | Two People        | \$38.17             |
|                     | 2M80                | Confidential (C99)                  | Three or More     | \$56.43             |
|                     | 2M80                | Physicians (Unit 1)                 |                   |                     |
|                     | 2M80                | CSEA (Units 2, 5, 7, 9)             |                   |                     |
|                     | 2M80                | Faculty (Unit 3)                    |                   |                     |
|                     | 2M80                | Academic Support (Unit 4)           |                   |                     |
|                     | 2M80                | Skilled Crafts (Unit 6)             |                   |                     |
|                     | 2M80                | FERP Annuitants                     |                   |                     |

**11.3 MEDICAL EYE SERVICES (MES)**

| <b>Vision Plan</b> | <b>Number</b> | <b>Enrollment</b> | <b>2005</b>         |
|--------------------|---------------|-------------------|---------------------|
|                    |               |                   | <b>102% Premium</b> |
| All Employees      | N/A           | N/A               | \$9.66              |

## 11.4 CalPERS HEALTH GROUP CONTINUATION COVERAGE

Rates are effective 1/1/2005 through 12/31/2005

CalPERS COBRA health rates for subsequent years can be obtained from CalPERS' website at <http://www.calpers.ca.gov/eip-docs/employer/cir-ltrs/600-169-04-attach1.pdf>.

(Rates are calculated at 102%. Not all carriers, however, will require 102%)

| Plan Code | Plan Name                      | -- BASIC -- |         |         |
|-----------|--------------------------------|-------------|---------|---------|
|           |                                | 1 Party     | 2 Party | 3 Party |
| 205       | Blue Shield HMO                | 362.13      | 724.26  | 941.54  |
| 230*      | CA Assoc. Hwy. Patrolmen       | 398.02      | 772.70  | 1010.63 |
| 274*      | CA Corr. Peace Officers Assoc. | 338.64      | 677.28  | 913.92  |
| 056       | Kaiser                         | 342.34      | 684.69  | 890.09  |
| **        | Kaiser Out-of-State            | 485.44      | 970.88  | 1262.14 |
| 278       | PERSCARE                       | 626.07      | 1252.13 | 1627.77 |
| 222       | PERS Choice                    | 373.40      | 746.80  | 970.85  |
| 207       | PORAC                          | 406.98      | 762.96  | 969.00  |
| 282       | Western Health Advantage       | 382.92      | 657.84  | 855.19  |

\* Enrollment eligibility based on Association membership.

\*\* These premiums cover all Regions of Kaiser Out-of-State.

rev. 01/01/05

## SECTION 12 - QUICK REFERENCE CHARTS

### 12.1 COBRA Continuation Coverage Periods

| Duration Of Coverage | Individual Affected                                | Qualifying Event  |
|----------------------|--|---|
| 18 Months            | All Qualified Beneficiaries                        | Termination* or Reduction in Hours<br>* Unless for Gross Misconduct.  |
| 29 Months            | All Qualified Beneficiaries                        | 11-month extension of 18-month Termination or Reduction in Hours coverage upon certain Social Security determined disabilities  |
| 36 Months            | Enrolled Spouse or Domestic Partner and Dependents | Death of Employee, Divorce, Dissolution of Domestic Partnership, or Legal Separation of Employee, Entitlement of Employee to Medicare, or Child Ceasing to be a Dependent |

*Continued participation in the Health Care Reimbursement Account plan is permitted through the end of the current plan year only.*

Note: There are specific regulations pertaining to continued coverage when companies go bankrupt (for retirees only).

## 12.2 Sending Qualifying Event Notices

| Qualifying Event   | Recipient: |                            |           |         |
|--|------------|----------------------------|-----------|---------|
|  | Employee   | Spouse or Domestic Partner | Dependent | Retiree |
| Termination of employee*   | Yes        | Yes                        | Yes       | No      |
| Reduction of hours worked by employee  | Yes        | Yes                        | Yes       | No      |
| Death of employee  | No         | Yes                        | Yes       | No      |
| Divorce, Legal Separation, Dissolution of Domestic Partnership, Moving out of the household* | No         | Yes                        | Yes       | No      |
| Cessation of dependency status   | No         | No                         | Yes       | No      |
| Medicare entitlement   | No         | Yes                        | Yes       | No      |

\* Moving out of the household only applies to health benefits administered by CalPERS.

## 12.3 Timelines

| Notice to CSU   | Notice to Qualified Beneficiaries (QBs)                                     | Election Period  | Retroactive Premium Payment Period   |
|---|---|--|--|
| 30/60 days  | 14 days   | 60 days  | 45 days  |
| <p>30: The period during which the Benefits Representative is notified of a Qualifying Event (usually by the Human Resources Dept.)</p> <p>60: Qualified Beneficiaries have 60 days from a divorce, legal separation, dissolution of domestic partnership, cessation of dependency status, or moving out of the household* to notify the CSU of such event.</p> | The period in which the CSU must notify QBs of their COBRA election rights. | The period during which QBs may elect COBRA coverage (counted from the later of the date of the qualifying event or notification of qualifying event). | The period during which QBs must submit payment for all COBRA premiums that are due. |

\* Moving out of the household only applies to health benefits administered by CalPERS.

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## SECTION 13 - MODEL NOTICES

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### 13.1 INITIAL NOTICE

# Initial Notice of COBRA Continuation Coverage Rights

## The California State University

### Medical, Dental and Vision Plan and Health Care Reimbursement Account Plan

**To:** Covered Employee [and Spouse/Registered Domestic Partner]  
**Fr:** [EMPLOYER NAME]  
**Date:** [Date]

#### Introduction

You are receiving this notice because you have recently become covered under the medical, dental, vision and/or health care reimbursement account (“HCRA”) plans (collectively, the “Plan”) sponsored by The California State University (“CSU”). The Plan has four group health coverages (medical, dental, vision and HCRA), and you may be enrolled in one or more of these coverages. This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of group health coverage under the Plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.** COBRA (and the description of COBRA coverage contained in this notice) applies only to the group health plan coverage offered under the Plan and not to any other coverages or benefits offered under the Plan or by CSU.

The right to COBRA continuation coverage was created by a federal law. COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose group health coverage under the Plan. For additional information about your rights and obligations under the Plan and under federal law, you should contact CSU. You may have additional continuation rights under California State law. See “California Continuation Rights for Certain Qualified Beneficiaries” section of this document.

#### What is COBRA continuation coverage?

COBRA coverage is a continuation of group health coverage when that coverage would otherwise end because of a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event occurs and any required notice of that event is provided to CSU, COBRA continuation coverage must be offered to each person losing group health coverage under the Plan who is a "qualified beneficiary." You, your spouse or your registered domestic partner, and your dependent children could become qualified beneficiaries if they lose group health coverage under the Plan because of the qualifying event. Qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

#### Who is entitled to elect COBRA?

If you are an employee, you will become a qualified beneficiary if you lose your group health coverage under the Plan because either one of the following events happens:

- Your hours of employment with CSU are reduced, or
- Your employment with CSU ends for any reason other than your gross misconduct.

If you are the spouse of a CSU employee, you will become a qualified beneficiary if you lose your group health coverage under the Plan because any of the following qualifying events happen:

- Your spouse (the employee) dies;
- Your spouse's hours of employment with CSU are reduced;
- Your spouse's employment with CSU ends for any reason other than his or her gross misconduct; or
- You become divorced or legally separated from your spouse. Also, if your spouse (the employee) reduces or eliminates your group health coverage in anticipation of divorce or legal separation, and a divorce or legal separation later occurs, then the divorce may be considered a qualifying event for you even though your coverage was reduced or eliminated before the divorce.

A person enrolled as the employee's registered domestic partner will be entitled to elect COBRA if he or she loses group health coverage under the Plan because any of the following qualifying events happen:

- Your registered domestic partner (the employee) dies;
- Your registered domestic partner's hours of employment with CSU are reduced;
- Your registered domestic partner's employment with CSU ends for any reason other than his or her gross misconduct; or
- Your registered domestic partnership with the employee is dissolved.

A person enrolled as the employee's dependent child will be entitled to elect COBRA if he or she loses group health coverage under the Plan because any of the following qualifying events happen:

- The parent-employee dies;
- The parent-employee's hours of employment with CSU are reduced;
- The parent-employee's employment with CSU ends for any reason other than his or her gross misconduct;
- The parents become divorced or legally separated; or
- The child is no longer eligible for coverage under the plan as a "dependent child."

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to CSU, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

### **When is COBRA coverage available?**

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after CSU has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction in hours of employment, death of the employee, or commencement of a proceeding in bankruptcy with respect to CSU, you do not need to notify CSU of the qualifying event.

### **You must give notice of some qualifying events**

For the other qualifying events (divorce or legal separation of the employee and spouse, dissolution of registered domestic partnership, or a dependent child's losing eligibility for coverage as a dependent child), a COBRA election will be available to you only if you notify CSU in writing within 60 days after the later of (1) the date the qualifying event occurs or (2) the date on which you lose (or would lose) group health coverage under the terms of the Plan as a result of the qualifying event. You must provide this notice in writing to CSU at the [INSERT CORRECT CAMPUS BENEFITS OFFICE LOCATION]. The notice must be in writing and must include information about the employee or qualified beneficiary requesting COBRA coverage and the qualifying event that caused the loss of coverage. In addition, the employee or qualified beneficiary must provide CSU with documentation supporting the occurrence of the qualifying event. Acceptable documentation includes the documents listed below and any other supporting documentation approved by the Plan Administrator:

- divorce or legal separation – a copy of the decree of divorce or separation agreement;

- dissolution of registered domestic partnership – a copy of the dissolution documents; and
- child no longer qualifying as a dependent child – a copy of the driver's license or birth certificate showing the child's age (in the case of the child's becoming too old for coverage), a copy of the child's marriage certificate (in case of the child's marriage) or a letter from an university or institution indicating a change in student status.

**If these procedures are not followed or if the notice is not provided in writing to CSU as directed above during the 60-day notice period, you will lose your right to elect COBRA.**

### **Electing COBRA**

Each qualified beneficiary will have an independent right to elect COBRA. Covered employees and spouses may elect COBRA on behalf of their children who are qualified beneficiaries. **Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA Qualifying Event (Election) Notice will lose his or her right to elect COBRA.**

Qualified beneficiaries who are entitled to elect COBRA may do so even if they have other group health plan coverage or are entitled to Medicare benefits on or before the date on which COBRA is elected. However, a qualified beneficiary's COBRA coverage will terminate automatically if, after electing COBRA, he or she becomes entitled to Medicare benefits or becomes covered under another group health plan (but only after any applicable preexisting condition exclusions of that other plan have been exhausted or satisfied.)

### **How Long Does COBRA Last?**

COBRA coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the covered employee's divorce or legal separation, employee's dissolution of domestic partnership, or a dependent child's losing eligibility as a dependent child, COBRA coverage can last for up to a total of 36 months.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA coverage for his spouse and children who lost coverage as a result of his termination can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). This COBRA coverage period is available only if the covered employee becomes entitled to Medicare within 18 months BEFORE the termination or reduction of hours.

Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA coverage generally can last up to a total of 18 months.

However, COBRA coverage under the HCRA can last only until the end of the year in which the qualifying event occurred – see "HCRA Coverage" section below.

There are two ways in which the period of COBRA coverage resulting from a termination of employment or reduction of hours can be extended. (The period of COBRA coverage for the HCRA cannot be extended under any circumstances.)

### ***Disability extension of 18-month period of COBRA coverage***

If a qualified beneficiary is determined by the Social Security Administration to be disabled and you notify CSU and the applicable dental/vision carriers/COBRA administrators in a timely fashion, all of the qualified beneficiaries in your family may be entitled to receive up to an additional 11 months of COBRA coverage, for a total maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination or reduction of hours. The disability must have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours and must

last until at least the end of the time period of COBRA coverage that would be available without the disability extension (generally 18 months, as described above).

The disability extension is available only if you notify CSU and the applicable dental/vision carriers/COBRA administrators as instructed in the Qualifying Event (Election) Notice in writing of the Social Security Administration's determination of disability within 60 days after the latest of:

- the date of the Social Security Administration's disability determination;
- the date of the covered employee's termination of employment or reduction of hours; and
- the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the covered employee's termination of employment or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension. The notice must include a copy of the Social Security Administration disability notification letter and must include the information about the covered employee or qualified beneficiary requesting extension of COBRA coverage due to disability.

**If these procedures are not followed or if the notice is not provided in writing to CSU as instructed above during the 60-day notice period and within 18 months after the covered employee's termination of employment or reduction of hours, there will be no extension of COBRA coverage due to disability.**

#### ***Second qualifying event extension of 18-month period of COBRA coverage***

If a qualified beneficiary experiences another qualifying event while receiving COBRA coverage because of the covered employee's termination of employment or reduction of hours (including COBRA coverage during a disability extension period as described above), the spouse and dependent children receiving COBRA coverage can get up to 18 additional months of COBRA coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to CSU. This extension may be available to the spouse, registered domestic partner and any dependent children receiving COBRA coverage if the employee or former employee dies or gets divorced or legally separated, dissolves a domestic partnership, or if the dependent child becomes ineligible under the Plan as a dependent child.

This extension is only available if you follow the notification procedures contained in the Qualifying Event (Election) Notice.

#### **HCRA Coverage**

COBRA coverage under HCRA will be offered only to qualified beneficiaries losing coverage who have underspent accounts. A qualified beneficiary has an underspent account if the annual limit elected by the covered employee, reduced by reimbursements up to the time of qualifying event, is equal to or more than the amount of the premiums for the HCRA COBRA coverage that will be charged for the remainder of the plan year. COBRA coverage will consist of the HCRA coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by expenses reimbursed up to the time of the qualifying event). The use-it-or-lose-it rule will continue to apply, so any unused amounts will be forfeited at the end of the plan year, and COBRA coverage will terminate at the end of the plan year.

#### **If you have questions**

Questions concerning your Plan or your COBRA coverage rights should be addressed to the contact identified below. Information about COBRA provisions for governmental employees is available from the:

Centers for Medicare & Medicaid Services (CMS)  
Private Health Insurance Group  
7500 Security Boulevard  
Mail Stop S3-16-16  
Baltimore, Maryland 21244-1850

Or you may call 410-786-1565 for assistance. This is not a toll-free number. The CMS website is [www.cms.hhs.gov](http://www.cms.hhs.gov).

**Keep your plan informed of address changes**

In order to protect your family's rights, you should keep CSU informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to CSU.

**Plan contact information**

Information about the Plan and COBRA coverage can be obtained upon request by contacting CSU at:

[INSERT CORRECT CAMPUS ADDRESS]  
\_\_\_\_\_[Campus name]  
\_\_\_\_\_[Office or title of contact]  
\_\_\_\_\_[Address]  
\_\_\_\_\_[Address]  
\_\_\_\_\_[Phone]

The contact information for the Plan may change from time to time.

**California Continuation Rights for Certain Qualified Beneficiaries**

If you are enrolled in insured medical or HMO coverage in California, please contact your insurance company or HMO for information about rights, after the expiration of Federal COBRA coverage, to continue coverage in certain situations.

**Conversion Privilege After COBRA Terminates.** You and your enrolled dependents may be entitled to a conversion policy upon the expiration of COBRA coverage. In the event you do not elect COBRA coverage, you may still apply for conversion to an individual medical policy. If you wish to convert your medical coverage to an individual conversion policy, you must make your application within 30 days from the date your coverage terminates to ensure continuous coverage. If you elect COBRA coverage, you will have the option to convert your medical coverage to an individual policy during the last 180 days of the maximum, 18, 29, or 36 month COBRA coverage period.

### 13.2 COBRA Qualifying Event (Election) Notice

To: Covered Employee, [***INSERT ADDITIONAL QUALIFIED BENEFICIARY CATEGORIES – Spouse/Registered Domestic Partner and Dependent Children***]  
Fr: [***EMPLOYER NAME***]  
Date: [***DATE***]

**This notice contains important information about your right to continue your group health care coverage in the [***ENTER NAMES OF APPLICABLE GROUP HEALTH PLANS, e.g., medical, dental, vision, health care reimbursement account (HCRA) plans***] (collectively, the “Plan”).** Please read the information contained in this notice very carefully. We use the pronoun “you” in this notice (including the enclosed Election Form) to refer to each of the individual addressees named above.

To elect COBRA coverage, follow the instructions on the enclosed Election Form and submit the completed form to your [***INSERT CORRECT LOCATION - Campus Benefits Office***].

If you do not elect COBRA coverage, your coverage under the Plan will end on [***ENTER DATE***] due to [***CHECK APPROPRIATE BOX***]:

- |   |   |
|---|---|
| <input type="checkbox"/> End of employment on [ <b><i>INSERT DATE</i></b> ]           | <input type="checkbox"/> Reduction in hours of employment [ <b><i>INSERT DATE</i></b> ]               |
| <input type="checkbox"/> Death of employee [ <b><i>INSERT DATE</i></b> ]              | <input type="checkbox"/> Divorce or legal separation [ <b><i>INSERT DATE</i></b> ]                    |
| <input type="checkbox"/> Loss of dependent child status [ <b><i>INSERT DATE</i></b> ] | <input type="checkbox"/> Dissolution of Registered Domestic Partnership [ <b><i>INSERT DATE</i></b> ] |

The event designated above that caused you to lose coverage under the Plan(s) is called your “qualifying event” in this notice, and the date of that event shown above is the date of your qualifying event. Each person (“qualified beneficiary”) in the category(ies) checked below is entitled to elect COBRA coverage under one or more group health coverages under the Plan specified below and can continue group health care coverage under the Plan for up to \_\_\_ months [***ENTER 18 or 36, as appropriate***] [***Check appropriate box or boxes below; names may be added***]:

- Employee or former employee [***INSERT NAME***]
- Spouse or former spouse [***INSERT NAME***]
- Registered Domestic Partner [***INSERT NAME***]
- Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage [***INSERT NAMES***]
- Child who is losing coverage under the Plan because he or she is no longer a dependent under the Plan [***INSERT NAME***]

If elected, COBRA coverage will begin on [***ENTER DATE***] and can last until [***ENTER DATE***] (except that coverage under the HCRA can last only until December 31, \_\_\_\_\_ [***INSERT YEAR***]).

The current monthly cost of your COBRA coverage is as follows. (Note that these amounts will change in the future and will most likely be higher than they are now. You will be notified of COBRA premium changes.)

- [**INSERT PREMIUMS FOR INDIVIDUAL (AND IF APPLICABLE, EMPLOYEE PLUS ONE AND EMPLOYEE PLUS TWO OR MORE) AND HCRA PREMIUMS (IF APPLICABLE)**]

You do not have to send any payment with the Election Form. Important additional information about payment for COBRA coverage is included in the pages following the Election Form. If you have any questions about this notice or your rights to COBRA coverage, you should contact [***ENTER CONTACT INFORMATION INCLUDING ADDRESS AND PHONE NUMBERS FOR CAMPUS BENEFITS OFFICE***].

## **COBRA Coverage Election Form**

INSTRUCTIONS: To elect COBRA coverage, complete this Election Form and return it to CSU. Under federal law, you must have 60 days after the date of this qualifying event (election) notice to decide whether you want to elect COBRA coverage under the Plan.

Mail or hand deliver the completed Election Form to: *[Enter Name and Address of campus benefits office contact person]*

This Election Form must be completed in writing and returned by mail or hand delivered to the individual and address specified above. The following are not acceptable as COBRA elections and will not preserve COBRA rights: oral communications regarding COBRA coverage, including in-person or telephone statements about an individual's COBRA coverage; and electronic communications, including e-mail. If mailed, it must be post-marked no later than *[enter date]*. If hand delivered, it must be received no later than *[enter date]*.

If you do not submit a completed Election Form by the due date shown above, you will lose your right to elect COBRA coverage. If you reject COBRA coverage before the due date, you may change your mind as long as you furnish a completed Election Form before the due date.

**Read the important information about your rights included in the pages after the Election Form.**

I (We) elect COBRA coverage in the *[medical, dental and vision plan and the HCRA plan]* (collectively, the Plan) as indicated below (you may elect one or more group health coverages listed after your name):

a. Name \_\_\_\_\_ Date of Birth \_\_\_\_\_ Relationship to Employee \_\_\_\_\_ SSN (or other identifier) \_\_\_\_\_

b. Coverage options elected: \_\_\_\_\_ **[INSERT AVAILABLE COVERAGES]**

All qualified beneficiaries who were covered under the HCRA will be covered together for HCRA COBRA coverage. However, each qualified beneficiary has separate election rights, and each could alternatively elect separate COBRA coverage to cover that qualified beneficiary only, with a separate HCRA annual coverage limit and a separate COBRA premium. If you are interested in this alternative, contact your **[INSERT CORRECT CONTACT INFORMATION]**.

Is the covered employee, spouse, domestic partner, or any dependent child entitled to Medicare Part A, Part B or both?

Yes  No

If yes, name and date of entitlement (shown on Medicare card): \_\_\_\_\_.

If you become entitled to Medicare (or first learn that you are entitled to Medicare) after submitting this Election Form, immediately notify the **[CAMPUS BENEFITS OFFICE]** and the applicable dental and vision carriers/COBRA administrators of the date of your Medicare entitlement at the addresses shown below.

I (we) have received and read this entire COBRA Qualifying Event (Election) Notice, including the paragraph below entitled "Electing COBRA under the HCRA". I (we) understand that the use-it-or-lose-it rule will continue to apply to the HCRA coverage, if elected, so any unused amounts will be forfeited at the end of the Plan year (December 31). I (we) also understand that no HCRA coverage will be available for subsequent years.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Relationship to individual(s) listed above

\_\_\_\_\_  
Print Address

\_\_\_\_\_  
Telephone Number

## **Important information about your COBRA coverage rights**

### **What is COBRA coverage?**

Federal law requires that most group health plans (including CSU's medical, dental, vision and HCRA plans) give employees and their families the opportunity to continue their group health coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan and the covered employee's spouse and dependent children enrolled in the group health plan. (Certain newborns, newly adopted children, and alternative recipients under QMSCOs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below.) Although not required by law, CSU offers COBRA coverage to registered domestic partners of CSU employees covered under CSU's group health plans.

COBRA coverage is the same coverage that the medical, dental, vision and HCRA plans (collectively, the "Plan") give to other participants or beneficiaries under the Plan who are not receiving COBRA coverage. Each qualified beneficiary who elects COBRA coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment and HIPAA special enrollment rights.

COBRA (and the description of COBRA coverage contained in this notice) applies only to group health coverage offered by CSU under the Plan (i.e., medical, dental, vision and HCRA) and not to any other benefits offered by CSU (such as life insurance, disability, or accidental death and dismemberment). The Plan provides no greater COBRA rights than what COBRA requires (except for COBRA coverage for registered domestic partners) – nothing in this notice is intended to expand your rights beyond COBRA's requirements. You may be eligible for additional continuation rights under California State law – see the "California Continuation Rights for Certain Qualified Beneficiaries" section below.

### **How can you elect COBRA coverage?**

To elect COBRA coverage, you must complete the Election Form according to the directions on the Election Form and mail or hand deliver by the date specified on the Election Form to **/INSERT CONTACT/**. Each qualified beneficiary has a separate right to elect COBRA coverage. For example, the employee's spouse or registered domestic partner may elect COBRA coverage even if the employee does not. COBRA coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to COBRA coverage on behalf of any dependent children. The employee or the employee's spouse can elect COBRA coverage on behalf of all of the qualified beneficiaries.

You may elect COBRA under any or all of the group health coverages (medical, dental, vision and HCRA) in which you were covered under the Plan on the day before the qualifying event. Qualified beneficiaries who are entitled to elect COBRA may do so even if they have other group health plan coverage or are entitled to Medicare benefits on or before the date on which COBRA is elected. However, a qualified beneficiary's COBRA coverage will terminate automatically if, after electing COBRA, he or she becomes entitled to Medicare benefits or becomes covered under another group health plan (but only after any applicable preexisting condition exclusions of that other plan have been exhausted or satisfied).

### **Electing COBRA under the HCRA**

COBRA coverage under the HCRA will be offered only to qualified beneficiaries losing coverage who have underspent accounts. A qualified beneficiary has an underspent account if the annual limit elected under the HCRA by the covered employee, reduced by reimbursements of expenses incurred up to the time of the qualifying event, is equal to or more than the amount of premiums for HCRA COBRA coverage that will be charged for the remainder of the plan year. COBRA coverage will consist of the HCRA coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by expenses reimbursed up to the time of the qualifying event). The use-it-or-lose-it rule will continue to apply, so any unused amounts will be forfeited at the end of the plan year, and COBRA coverage will terminate at the end of the plan year. All qualified beneficiaries who were covered under the HCRA will be covered together for HCRA COBRA coverage. However, each qualified beneficiary has separate election rights, and each could alternatively elect separate COBRA coverage to cover that qualified beneficiary only, with a separate HCRA annual coverage limit and a separate COBRA premium. If you are interested in this alternative, contact [*INSERT CONTACT INFORMATION*] for more information.

### **Special Considerations in deciding whether to elect COBRA**

In considering whether to elect COBRA coverage, you should take into account that a failure to elect COBRA will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of COBRA coverage may help you not have such a gap. Second, you may lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get COBRA coverage for the maximum time available to you. Finally, you should take into account that you may have special enrollment rights under federal law. You may have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage under the Plan ends because of the qualifying event listed above. You also will have the same special enrollment right at the end of COBRA coverage if you get COBRA coverage for the maximum time available to you.

### **How long will COBRA coverage last?**

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued only for up to a total of 18 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee becomes entitled to Medicare benefits less than 18 months before the qualifying event, COBRA coverage for qualified beneficiaries (other than the employee) who lose coverage under the Plan as a result of the qualifying event can last up to 36 months from the date of Medicare entitlement. This COBRA coverage period is available only if the covered employee becomes entitled to Medicare within 18 months before the termination or reduction of hours. In the case of a loss of coverage due to an employee's death, divorce or legal separation, or dissolution of a registered domestic partnership, or a dependent child ceasing to be a dependent under the terms of the Plan, coverage may be continued for up to a total of 36 months. Regardless of the qualifying event, HCRA COBRA coverage may only be continued to the end of the plan year in which the qualifying event occurred and cannot be extended for any reason.

This notice shows the maximum period of COBRA coverage available to qualified beneficiaries. COBRA coverage will automatically terminate before the end of the maximum period if:

- any required premium is not paid in full on time;

- a qualified beneficiary becomes covered, after electing COBRA coverage, under another group health plan (but only after any preexisting condition exclusions of that other plan that applies to the qualified beneficiary have been exhausted or satisfied);
- a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing COBRA coverage; or
- CSU ceases to provide any group health plan for its employees; or
- during a disability extension period (the disability extension is explained below), the disabled qualified beneficiary is determined by the Social Security Administration to be no longer disabled.

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). You must notify the [**CAMPUS BENEFITS OFFICE**] and the applicable dental and vision carriers/COBRA administrators (see “For More Information” section below) in writing within 30 days if, after electing COBRA, a qualified beneficiary becomes entitled to Medicare (Part A, Part B or both) or becomes covered under other group health plan coverage (but only after any preexisting condition exclusions of that other plan for a preexisting condition of the qualified beneficiary have been exhausted or satisfied). COBRA coverage will terminate (retroactively if applicable) as of the date of Medicare entitlement or as of the beginning date of the other group health coverage (after exhaustion or satisfaction of any applicable preexisting condition exclusion). The insurance carriers/HMOs may require repayment of all benefits paid after the termination date, regardless of whether or when you provide notice of Medicare entitlement or other group health plan coverage.

#### **How can you extend the length of COBRA coverage?**

If you elect COBRA coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators (see “For More Information” section below) of a disability or a second qualifying event in order to extend the period of COBRA coverage. Failure to provide notice of a disability or second qualifying event will affect the right to extend the period of COBRA coverage. (The period of COBRA coverage under the HCRA cannot be extended under any circumstances.)

**Disability.** If any of the qualified beneficiaries is determined by the Social Security Administration to be disabled, the maximum COBRA coverage period that results from the covered employee’s termination of employment or reduction of hours (generally 18 months as described above) may be extended up to a total of 29 months. The disability must have started at some time before the 61st day after the covered employee’s termination of employment or reduction of hours with CSU and must last until the end of the 18-month period of COBRA coverage. Each qualified beneficiary who has elected COBRA coverage will be entitled to the disability extension if one of them qualifies. The disability extension is available only if you notify the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators (see “For More Information” section below) in writing of the Social Security Administration’s determination of disability within 60 days after the latest of:

- the date of the Social Security Administration’s disability determination;
- the date of the covered employee’s termination of employment or reduction of hours; or

- the date of which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan(s) as a result of the covered employee's termination or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension. The notice must be provided in writing and must include the following information:

- the name(s) of the group health coverages;
- the name of the employee or former employee who is or was covered under the Plan;
- the name(s) and address(es) of all qualified beneficiaries who are receiving COBRA due to the initial qualifying event;
- the initial qualifying event giving rise to COBRA coverage;
- the date of the initial qualifying event;
- the name and address of the disabled qualified beneficiary;
- the date that the qualified beneficiary become disabled;
- the date that the Social Security Administration made its determination of disability;
- a statement as to whether or not the Social Security Administration has subsequently determined that the qualified beneficiary is no longer disabled; and
- the signature, name and contact information of the individual sending the notice.

Your notice must include a copy of the Social Security Administration's determination of disability. You must mail or hand deliver this notice to the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators at the addresses indicated below (see "For More Information" section).

If the above procedures are not followed or if the notice is not provided within the 60-day notice period, there will be no disability extension of COBRA coverage.

If the qualified beneficiary is determined by the Social Security Administration to no longer be disabled, you must notify the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators (see "For More Information" section below) of that fact within 30 days after the Social Security Administration's determination. COBRA coverage will end no earlier than the first of the month that begins more than 30 days after the date of the final determination by the Social Security Administration that the qualified beneficiary is no longer disabled. The notice must be provided in the same manner as, and include the same information required for, a notice of disability as described above.

***Second Qualifying Event.*** An extension of coverage will be available to spouses, registered domestic partners and dependent children who are receiving COBRA coverage if a second qualifying event occurs during the first 18 months (or, in the case of a disability extension, the 29 months) of COBRA coverage following the covered employee's termination of employment or reduction of hours. The maximum amount of COBRA coverage available when a second qualifying event occurs is 36 months from the date COBRA coverage began. Such second qualifying events may include the death of a covered employee, divorce or legal separation from the covered employee, dissolution of the employee's registered domestic partnership, or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan.

This extension due to a second qualifying event is available only if you notify the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators (see "For

More Information” section below) in writing of the second qualifying event within 60 days after the later of:

- the date of the second qualifying event; or
- the date on which the qualified beneficiary would lose coverage under the terms of the Plan(s) as a result of the second qualifying event.

The notice must include the following information:

- the names of the group health coverages under the Plan;
- the name of the employee or former employee who is or was covered under the Plan;
- the name(s) and address(es) of all qualified beneficiaries who are receiving COBRA due to the initial qualifying event;
- the initial qualifying event giving rise to COBRA coverage;
- the date of the initial qualifying event;
- the second qualifying event;
- the date of the second qualifying event; and
- the signature, name and contact information of the individual sending the notice.

In addition, you must provide documentation supporting the occurrence of the second qualifying event, if the [**CAMPUS BENEFITS OFFICE**] and/or applicable dental and vision carriers/COBRA administrators request it. Acceptable documentation includes a copy of the divorce decree, domestic partnership dissolution documents, death certificate, or dependent child(ren)’s birth certificates, driver’s license, marriage license or letter from a university or institution indicating a change in student status.

You must mail or hand deliver this notice to the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators at the addresses indicated below (see “For More Information” section).

If the above procedures are not followed or if the notice is not provided within the 60-day notice period, there will be no extension of COBRA coverage due to a second qualifying event.

### **How much does COBRA coverage cost?**

Generally, each qualified beneficiary is required to pay the entire cost of COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of COBRA coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage. The required monthly payment for each group health benefit provided under the Plan(s) under which you are entitled to elect COBRA is described in this notice.

### **When and how must payment for COBRA coverage be made?**

***First payment for COBRA coverage.*** If you elect COBRA coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for COBRA coverage not later than 45 days after the date of your election. (This is the date the Qualifying Event (Election) Notice is post-marked, if mailed, or the date your Election Form is received by the individual as the address specified for delivery on the Election Form, if hand delivered.) If you do not make your first payment for COBRA coverage in full within 45 days after the date of your election, you will lose all COBRA rights under the Plan(s).

Your first payment must cover the cost of COBRA coverage from the time your coverage under the Plan(s) would have otherwise terminated up through the end of the month before the month in which you make your first payment. You are responsible for making sure that the amount of your first payment is correct. You may contact **[ENTER APPROPRIATE CONTACT INFORMATION]** to confirm the correct amount of your first payment.

***Monthly payments for COBRA coverage.*** After you make your first payment for COBRA coverage, you will be required to make monthly payments for each subsequent month of COBRA coverage. The amount due for each coverage period for each month for each qualified beneficiary is shown in this notice. Under the Plan(s), each of these monthly payments for COBRA coverage is due on the first day of the month for that month's COBRA coverage. If you make a monthly payment on or before the first day of the month to which it applies, your COBRA coverage under the Plan(s) will continue for that month without any break. The Plan(s) **[select one: will or will not]** send periodic notices of payments due for these coverage periods (that is, you **[select one: will or will not]** receive a bill for your COBRA coverage – it is your responsibility to pay your COBRA premiums on time.

***Grace periods for monthly payments.*** Although monthly payments are due on the first day of each month of COBRA coverage, you will be given a grace period of 30 days after the first day of the month to make each payment for that month. Your COBRA coverage will be provided for each month as long as payment for that month is made before the end of the grace period for that payment. However, if you pay a monthly payment later than the first day of the month to which it applies, but before the end of the grace period for the month, your coverage under the Plan(s) will be suspended as of the first day of the month and then retroactively reinstated (going back to the first day of the month) when the monthly payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a monthly payment before the end of the grace period for that month, you will lose all rights to COBRA coverage under the Plan(s). All COBRA premiums must be paid by check or money order. Your first payment and all periodic payments for COBRA coverage should be sent to the following:

Medical

\_\_\_\_\_ *[enter appropriate payment addresses for medical]*  
\_\_\_\_\_  
\_\_\_\_\_

Dental

For Delta:

Wolfpack Ins. Services  
P.O. Box 833  
Belmont, California 94002  
(800) 296-0192

For PMI

PMI  
12898 Towne Center Drive  
Cerritos, California 90703  
(800) 422-4234

Vision

CPIC Life Insurance Company  
P.O. Box 93022  
Long Beach, California 90809-3022  
Attention: COBRA  
(714) 619-4660

HCRA

ASI  
P. O. Box 6044  
Columbia, MO 65205-6044  
Telephone: (800) 659-3035

If mailed, your payment is considered to have been made on the date that it is postmarked. [If hand delivered, your payment is considered to have been made when it is received.] You will not be considered to have made any payment if your check is returned due to insufficient funds or otherwise.

**More information about individuals who may be qualified beneficiaries**

***Children born to or placed for adoption with the covered employee during COBRA coverage period.*** A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA coverage for himself or herself and enrolls the child within 30 days of the birth, adoption or placement for adoption. The child's COBRA coverage begins when the child is enrolled in the Plan(s), whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan(s), the child must satisfy the otherwise applicable Plan(s) eligibility requirements (for example, regarding age).

***Alternative recipients under QMSCOs.*** A child of the covered employee who is receiving benefits under the Plan(s) pursuant to a Qualified Medical Child Support Order (QMSCO) received by CSU during the covered employee's period of employment with CSU is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

**For more information**

This notice does not fully describe COBRA coverage or other rights under the Plan(s). More information about COBRA coverage and your rights under the Plan is available from the [**CAMPUS BENEFITS OFFICE**].

If you have any questions concerning the information in this notice, or your rights to COBRA coverage, or if you want a copy of your summary plan description, you should contact the following:

For general COBRA questions and questions regarding medical COBRA coverage:  
**[ENTER CAMPUS BENEFITS OFFICE CONTACT INFORMATION INCLUDING ADDRESS AND PHONE NUMBER]**

Question regarding dental COBRA coverage

For Delta:      Wolfpack Ins. Services  
                    P.O. Box 833  
                    Belmont, California 94002  
                    (800) 296-0192

For PMI:         PMI  
                    12898 Towne Center Drive  
                    Cerritos, California 90703  
                    (800) 422-4234

Questions regarding vision COBRA coverage

CPIC Life Insurance Company  
P.O. Box 93022  
Long Beach, California 90809-3022  
Attention: COBRA  
(714) 619-4660

Questions regarding HCRA COBRA coverage

ASI  
P. O. Box 6044  
Columbia, MO 65205-6044  
Attention: CSU COBRA  
(800) 659-3035

Information about COBRA provisions for governmental employees is available from the:  
Centers for Medicare & Medicaid Services (CMS)  
Private Health Insurance Group  
7500 Security Boulevard  
Mail Stop S3-16-16  
Baltimore, Maryland 21244-1850

Or you may call (410) 786-1565 for assistance. This is not a toll-free number. The CMS website is [www.cms.hhs.gov](http://www.cms.hhs.gov).

**Keep your plan informed of address changes**

In order to protect your and your family's rights, you should keep the [**CAMPUS BENEFITS OFFICE**] and applicable dental and vision carriers/COBRA administrators informed of any changes in your address and the addresses of family members. You should also keep a copy, for your records, of any notices you send to these entities.

**Special COBRA Rights for California Employees**

If you are enrolled in an HMO or insured group medical coverage in California at the time of your initial qualifying event, you and your eligible dependents may be eligible to extend COBRA coverage from 18 or 29 months to a total of 36 months measured from the date of the original qualifying event. The HMO or insurance company may charge up to 110% of the cost (disabled individuals may be charged up to 150% of the cost).

This special California continuation benefit is provided by the HMO and insurance company and is not CSU's responsibility. Contact your HMO or insurance company to find out whether you are eligible for continuation benefits and how to obtain them.

**Conversion Privilege After COBRA Terminates**

You and your enrolled dependents may be entitled to a conversion policy upon the expiration of COBRA coverage. In the event you do not elect COBRA coverage, you may still apply for conversion to an individual medical policy. If you wish to convert your medical coverage to an individual conversion policy, you must make your application within 30 days from the date your coverage terminates to ensure continuous coverage. If you elect COBRA coverage, you will have the option to convert your medical coverage to an individual policy during the last 180 days of the maximum 18, 29, or 36 month COBRA coverage period.

### 13.3 NOTICE OF UNAVAILABILITY

#### **NOTICE OF INELIGIBILITY FOR COBRA (sample)**

*[If CSU receives notice from a qualified beneficiary of a qualifying event, a second qualifying event, or a determination of disability by the Social Security Administration (SSA) and CSU determines that the individual is not entitled to COBRA continuation coverage, CSU must provide the individual with a notice. The notice must be written in a manner that is understandable to the average plan participant and must explain why the individual is not entitled to COBRA. The notice must be provided within 14 days after CSU's receipt of the notice of a qualifying event, a second qualifying event or a determination of disability by the SSA. This sample notice may be used to satisfy this obligation. Delete this explanation before reproducing the sample form.]*

**[Insert name of plan]**

**California State University [Insert name of campus]**

**[Insert date]**

To: **[Insert name of ineligible party]**

You are receiving this notice because you recently made a request for COBRA continuation coverage under the **[insert name of plan]**. However, the California State University (CSU) has determined that you are not eligible for COBRA continuation coverage for the following reason(s):

**[Insert explanation of why individual is ineligible]**

Please contact **[insert name of individual responsible for COBRA administration, with telephone number and address]** if you have any questions about this notice or COBRA continuation coverage.