



Angelo State University Operating Policy and Procedure

OP 52.07: Consolidated Omnibus Budget Reconciliation Act (COBRA)

DATE: October 9, 2019

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish a university policy in accordance with the COBRA federal law.

REVIEW: This OP will be reviewed in September every five years, or as needed, by the director of human resources with recommended revisions forwarded through the vice president for finance and administration to the president by October 15 of the same year.

POLICY/PROCEDURE

1. General

According to the Department of Labor (DOL), the Consolidated Omnibus Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under qualifying events. For purpose of this policy, a qualifying event is an event that causes an employee to lose his or her group health coverage.

2. Eligibility

To be eligible for COBRA, you must have been enrolled in the university's health plan prior to the qualifying event, and the health plan must continue to be in effect for active employees.

The following are qualifying events:

- a. Termination of the employee's employment for any reason other than gross misconduct; or
- b. Reduction in the number of hours of employment.

If you are entitled to elect COBRA, you must be given an election period of 60 days, starting on the day you are furnished the election notice or the date you would lose coverage under the university's insurance. Each of the qualified beneficiaries under the employee's plan may independently elect COBRA coverage. If an employee elects to continue their coverage after a qualifying event, the coverage you are given must be identical to the coverage currently available under the plan.

3. Employees and Dependents

Employees and their qualified dependents covered under the group medical and/or dental plans have a right to elect to continue their coverage for up to 18 months. An 18-month continuation period may be extended to 36 months for your dependents in the event of death, divorce, or the loss of status as a dependent child.

The following are qualified events for the spouse and dependent child of a covered employee if the employee's spouse or dependent(s) were to lose coverage.

- a. Reduction in the hours worked;
- b. Termination of the covered employee's employment for any reason other than gross misconduct;
- c. Covered employee becomes entitled to Medicate;
- d. Divorce or the legal separation of the spouse or the covered employee; or
- e. Death of the employee

In addition, the Patient Protection and Affordable Care Act, plans that offer coverage to children on their parents' plan must make the coverage available until the adult child reaches the age of 26.

Dependent children who cease to be dependent children also may elect continuation coverage. The employee or qualified dependent must notify the Employees Retirement System (ERS) of a qualifying event that is not the result of a change in employment status to complete an application for continuation coverage. Continuation coverage is provided without regard to the individual's evidence of insurability. The employee or dependent must pay the full premium costs plus a two percent administrative fee, and Angelo State University's employer contribution ceases.

4. COBRA Cancellation by ERS

According to the Employee Retirement System of Texas (ERS), COBRA may be cancelled prior to the end of the coverage expiration. Please see some examples below.

- a. A timely premium payment is not received;
- b. The participant becomes covered under another group health and/or dental plan or after the COBRA coverage effective date unless the participant is subject;
- c. The participant becomes covered under another group health and/or dental plan on or after the COBRA coverage effective date unless the participant is subject to a pre-existing condition limitation or exclusion in the other group health plan;
- d. The participant begins receiving Medicare benefits on or after the COBRA coverage effective date; or
- e. The participant extends coverage due to a disability and later begins receiving

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Medicare benefits or the Social Security Administration (SSA) makes a final determination that the disability no longer exists;

- f. A written request is received from the participant requesting cancellation of coverage. Coverage cancellations will be made effective the last day of the month in which the U.S. Postal Service postmarks the request. A full premium payment must be submitted for the month in which a request for cancellation is submitted. Once a member requests to cancel their coverage, COBRA coverage cannot be reinstated.

For more information, please visit <https://ers.texas.gov/Contact-ERS/Additional-Resources/FAQs/COBRA-for-employees>.

5. Disclaimer

Neither the state nor Angelo State University provides employer contributions toward the cost of continuation coverage.

For more detailed information regarding COBRA coverage contact the Office of Human Resources or the Employees Retirement System of Texas (ERS).