



Guideline/Policy Name: **COBRA Policy**

Revision Date: 7/1/99

Approved by: Director, University Services Human Resources

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 and Minnesota Statute Chapter 62A, require an employer to notify terminating employees, the day before employment termination, of their rights to continue, at their own expense, medical, dental, and life insurance for themselves and their eligible dependents. The law is interpreted to include those employees who, because of a change in employment status, are no longer eligible for group medical, dental, and life insurance.

Legal Summary of COBRA

An academic, bargaining unit, or civil service employee who terminates employment, or an active employee no longer eligible for group benefits, have the right to continue medical, dental, and life insurance at his/her own expense for up to 18 months following termination of employment or ineligibility for coverage, or until employed and covered under another group plan which does not contain any exclusion or limitation for pre-existing conditions. Continuation coverage is also available to eligible dependents (spouse, children) of the employee who are covered on the day before employment termination or loss of eligibility for group health care insurance.

The University is required by law to notify the employee and his/her dependents of their rights and obligations under continuation coverage provisions **WITHIN 10 DAYS** of the employment termination or ineligibility for group benefits.

Medical, dental, and life insurance coverage terminate the last day of the pay period which includes the employee's last day of employment in a position eligible for benefits. The employee and eligible dependents (spouse, children and, in some cases, a former spouse) have 60 days from the date coverage terminates or the date they receive notice of coverage continuation rights, whichever is later, to elect continuation of coverage.

If continuation coverage is elected, it is made continuous from the date of loss of coverage. The employee is required to pay the full group premium and must make the first payment within 45 days of the date of election.

Continuation Coverage Notification Instructions

- 1. Employee is terminating employment.**

The continuation coverage notification must be provided to every terminating employee who is covered under the University of Minnesota health care insurance program, except if the termination results from the employee's disability, retirement, or lay-off where the employee has completed three or more years of continuous service, or if employment termination is a result of gross misconduct (consult Human Resources in regards to this). This means all non-student employees with 75% to 100% time appointments who are paid on a monthly rate, as well as employees with 50% to 74% time appointments with medical, dental and/or life insurance benefits. This includes employees who are still on probation but have worked at least 28 calendar days of their employment.
- 2. Employee is ineligible for benefits due to change in employment.**

The notification must be provided to an employee who is covered under the University health care insurance program, but who, because of a change in employment status, is no longer eligible for group benefits. Basically, this means any employee who falls below a 50% time appointment, or an employee who is reclassified into a student appointment, paid hourly, or in a classification not considered eligible for group benefits.
- 3. Mail the COBRA *Continuation Coverage* instructions and premium rates notice and *Request for Continuation of Coverage* application to the employee's last known home mailing address by first class certified mail.**

If the employee has a family, address the envelope to the employee and family (e.g. employee's name is John Smith - address envelope to John Smith and Family). Notice must be sent no later than 10 days after the last day of employment or loss of eligibility. It can be mailed before the last day of work.
- 4. Complete the COBRA *Continuation Notice Verification* form and mail the original to your payroll administrator**

Retain a photocopy of the completed form in your personnel records.

Employee Benefits requests that you make photocopies of the original COBRA *Continuation Notice Verification* form to keep on hand for the year.

COBRA forms can be acquired through University Services Human Resources or Facilities Management's Payroll Department, 300 Donhowe Building.