

HOW CAN I KEEP MY HEALTH INSURANCE COVERAGE?

Answers to questions about COBRA, state continuation and conversion

COBRA - CONTINUATION OF COVERAGE UNDER FEDERAL LAW



What is COBRA?

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that allows certain employees to continue their health insurance coverage when they become ineligible for their group plan. The change in a group member's status can be a result of termination of employment, death, divorce or other qualifying life event.

Who is covered by COBRA?

The COBRA law applies to the group health plans of employers with 20 or more employees during the previous year. The premium amount to keep your insurance coverage will remain close to the group rate. However, you will be responsible for the entire cost of the premium payment on your own, including the portion previously paid by your employer.

Where do I go with questions about COBRA?

The U.S. Department of Labor regulates COBRA. To get more information, you can go to the U.S. Department of Labor's Web site, www.dol.gov, or call toll free 866-444-3272. The regional office for Kentucky is located in Fort Wright, Kentucky. If you need help you can contact that office by calling the toll-free number above or by calling 859-578-4680. The fax number for the regional office is 859-578-14688.

STATE CONTINUATION OF COVERAGE UNDER KENTUCKY LAW

What rights to continuation of coverage are provided by Kentucky law?

As a safeguard for Kentucky insureds whose fully-insured health insurance plans do not fall under COBRA protection, the state enacted legislation that provides a similar opportunity for continuation of group coverage. You may be eligible under the provisions of this law if your employer has fewer than 20 employees and your group has a fully-insured plan. Your employer can let you know if your group's plan is self-funded or fully-insured.



How long would my continued coverage be in effect?

If you qualify for state continuation, you and your dependents can extend your group health insurance for 18 months after the date on which the coverage would have ended because you were no longer a group member. After the 18-month period for continuation ends, you have a right to convert to individual coverage that provides benefits substantially similar to your group plan.

What are the conditions for state continuation of coverage?

You and any dependents who are insured under your group policy have the right to continuation of coverage if you meet certain conditions.

- First, you as the group member must have been covered by the group policy or any group policy it replaced for at least three months.
- Second, you must notify the insurer and pay the premium, including the employer's portion, at the group rate within 31 days after you receive a notice of your right to continue coverage.

Who notifies the insurance company that I am leaving the group, and who tells me about my eligibility?

The employer usually lets the insurance company know you are leaving the group, but you should make certain that your employer has properly reported your status change. The insurer then is required to give you written notice of your right to elect continuation of coverage. The insurance company is considered to have given the required notification when a notice is mailed or delivered to your last known address. It is your responsibility to be sure that the insurance company has your correct address, and you must notify the insurer in writing that you are choosing continuation benefits. An insurance company is not required to provide continuation benefits if you do not elect coverage and pay the required premium within 90 days after termination of your group coverage. If you do not receive your notification, be sure to contact the insurance company well before the 90-day period has expired.

Who do I pay for my continued coverage?

Premium payments will be made directly to the insurance company. If you fail to make timely premium payments, your coverage terminates at the end of the last period for which the premium was paid.

What happens if my former employer changes insurance companies?

If the group through which you have continuation coverage changes to another insurer, you will remain with your original insurance company rather than switch to a new company along with the group.

How is my coverage affected if the health insurance plan is terminated for the entire group?

If the group policy is terminated and is not replaced with another group policy within 31 days, the insurance company will end your continued group health coverage in the same way that it ends coverage for active employees. However, you then will have a right to convert to individual coverage.

Who, in addition to the group member, is eligible for state continuation?

The right to extend group health insurance coverage is also available to certain dependents of the group member.

- A surviving spouse and children whose coverage under the group policy would end at the death of the group member are eligible under the state law.
- A child who has been covered as a dependent under the plan has a right to continuation coverage upon reaching the plan's age limit for dependent status.
- A former spouse and the children in his or her custody are eligible for continuation benefits when their status as dependents of the group member ends. This status change would result from a court order dissolving the marriage.



Are there exceptions to this eligibility?

The following are situations in which continuation of your group health benefits need not be granted:

- If you are or could be covered by Medicare.
- If you are or could be covered by other group coverage.

RIGHTS TO CONVERSION COVERAGE UNDER KENTUCKY LAW

How is conversion different from continuation?

State continuation provides an opportunity for you to extend your group health insurance coverage for a specified period of time. There may be circumstances, however, in which you will not be eligible for continued group coverage, making it necessary for you to obtain insurance on your own. That is where conversion comes in. The conversion provision in Kentucky law gives you the right to convert the group plan you will be losing to an individual policy offering benefits that are substantially similar to those you had through group coverage.

Remember that state continuation provides Kentucky insureds with protections similar to those offered by COBRA, but does not duplicate COBRA provisions.

What rights to conversion coverage does Kentucky law provide?

If you are a group member with a fully-insured plan and you have been covered under any group health insurance policy for at least three months, you have the right to a conversion health insurance policy. The policy must provide benefits that are substantially similar to the coverage you had at the time your membership in the group was terminated. For instance, in a situation where the group coverage ends completely or the group no longer exists, you as an individual employee are eligible for conversion coverage.

Keep in mind that when the 18-month period for continuation coverage ends, you have the right to convert to an individual policy with substantially similar benefits. There is no time limit on how long you can keep your conversion coverage. Be aware that although the law requires that you be offered benefits substantially similar to your group coverage, there are no restrictions to keep premium costs in line with the group rate you were previously paying.

What are the terms of conversion health insurance coverage?

- Conversion health insurance coverage must be made available to you without evidence of insurability and with no pre-existing condition limitations under most circumstances.
- The conversion health insurance policy will cover you and any eligible dependents who were covered by the group policy on the date the group coverage ended.
- The effective date of the conversion health insurance policy will be the date your group coverage ended.
- The conversion health insurance policy must provide benefits substantially similar to those offered by your group policy, but not less than minimum standards according to Kentucky laws and regulations.

Who, in addition to the group member, is eligible for conversion under state law?

A conversion health insurance policy will cover any eligible dependents who were covered by the group policy on the date coverage under the group policy ended.

Are there exceptions to this eligibility?

The following are situations in which conversion health coverage need not be granted:

- If you are or could be covered by Medicare.
- If you are or could be covered by other group coverage, or if you have obtained individual coverage with substantially similar benefits.

EXTENDED NOTIFICATION REQUIREMENTS FOR BOTH STATE CONTINUATION AND CONVERSION

What can I do if I am not notified of my right to continued group health benefits or conversion health insurance coverage?

If you become eligible for continued health insurance or conversion health benefits and you are not given written notice of your rights, an additional limited time period must be granted for you to apply for the continuation or conversion coverage. The insurance company is required to give you notice as soon as possible after being informed of its failure to provide notification. The additional period will end 60 days after you receive the written notice. If you make application and pay the required premium within this time period, the effective date of your continued coverage or conversion health coverage will be the date your group membership ended.

ASSISTANCE AND INFORMATION

Who do I contact for help or information on state continuation and conversion?

The full text of the statute on state continuation coverage, KRS 304.18-110, and the statute on conversion coverage, KRS 304.18-114, is available through the Department of Insurance website, <http://insurance.ky.gov/>. If you have questions or need assistance with a state continuation or conversion issue, you may contact the Division of Consumer Protection of the Kentucky Department of Insurance through the website or by calling 800-595-6053 (in KY) or 502-564-3630 (out of state).



Kentucky Public Protection Cabinet
Department of Insurance
P.O. Box 517, Frankfort, KY 40602-0517
800-595-6053 (in Kentucky); 502-564-3630 (out of state)
TDD: 800-648-6056
<http://insurance.ky.gov>

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