

# CITY OF COMMERCE

## ADMINISTRATIVE POLICIES

### CONTINUANCE OF MEDICAL COVERAGE (COBRA)

#### 1.0 PURPOSE

To comply with the requirements of the Federal Comprehensive Budget Reconciliation Act (COBRA) in regards to the continuance of medical coverage.

#### 2.0 POLICY

2.1 Employee and/or dependent medical, dental, and vision coverage under the current plan may cease as a result of one of the following events:

- A. Termination of employment
- B. Change to nonparticipating employment status
- C. Divorce or legal separation
- D. Dependent child became ineligible (attained age 23 or not a full-time student)

2.1 Employees or dependent may elect to continue medical, dental, and vision coverage beyond the date that it would otherwise terminate by doing the following:

- A. Continue to participate in the medical coverage plan under the criteria outlined below:
  - 1. Rights of Employee. Employees presently covered by the insurance plan may continue this coverage for up to 18 months from the date that employment terminates or status changed to nonparticipating (non-insured) employment status provided that the employee pay the full cost of premium and 2% administrative fee.
  - 2. Right of Spouse of Employee. The spouse of an employee covered by the medical plan has the right to continue coverage if the employee was terminated or changed to nonparticipating employment status, or if a divorce or legal court-decreed separation from the employee took place. Coverage under these circumstances may continue for a period up to 36 months provided that the spouse pay the premium in full and a 2% administrative fee.
  - 3. Rights of Child(ren). Dependent children of an employee covered by the medical plan has the right to continue coverage if group

health coverage under the medical plan is lost because of termination of a parent's employment or change to nonparticipating employment status; parents' divorce or legal court-decreed separation; the dependent ceases to be a "dependent child" under the medical plan (attains age 23 or is not a full-time student). Coverage under these circumstances may continue for a period up to 36 months provided that the premium is paid in full and if not paid by payroll deduction, a 2% administrative fee.

2.2 Election.

- A. If an employee or eligible spouse or dependent does not elect to continue coverage, group health insurance will end as scheduled under the plan.
- B. If an employee elects to continue group medical coverage, the employee or eligible spouse or dependent is responsible for paying the entire cost. This cost will be subject to periodic rate changes. Employees are not required to show that they are insurable (by taking a medical exam) to continue the coverage.
- C. Continued coverage may be terminated earlier than the 18- or 36-month period if group medical plans for all other employees are terminated, or if the employee or eligible spouse or dependent:
  - 1. Fails to remit the required monthly payments within 31 days of the due date;
  - 2. Becomes eligible under any other group medical plan;
  - 3. A covered spouse remarries and becomes eligible to be covered under a group medical plan;
  - 4. Becomes eligible for Medicare.

2.3 Acknowledgment and Notification. The Accounting Supervisor has forms available for COBRA.

2.4 It is the employee's responsibility to notify the Accounting Supervisor of any changes in status and to fill out the appropriate form.

EFFECTIVE: 06-01-97

LAST REVISED: 02-04-04

CITY MANAGER APPROVAL: \_\_\_\_\_

*Bill Shipp*

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