



## **TIPS ON RETAINING YOUR INSURANCE COVERAGE AND AVOIDING PRE-EXISTING CONDITION CLAUSES**

As you approach the time when you will be changing jobs to advance your career, it is important that you consider the ramifications of changing insurance. The information below will provide a road map to assist in navigating the sometime difficult steps in transitioning from one insurance provider to another.

### **Your Legal Rights for Continued Health Insurance Coverage**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that mandates that an employer with more than 20 employees extend health-care coverage to any eligible employee after they leave their employee.

Specifically, Public Law 99-272 Title X and its subsequent amendments require employers to provide eligible employees who are terminating full-time employment and their qualified beneficiaries, the opportunity to elect continuation of group health coverage. Such termination may be voluntary or involuntary. If involuntary, it must be for reasons other than gross misconduct. In order to ensure coverage is continued, the employee should elect COBRA coverage and pay the applicable monthly premium.

*NOTE: An eligible employee is an employee who currently has health-care coverage under the employer's health-care plan.*

Continuation of Coverage for 18 Months is available to:

1. Employees who voluntarily quit.
2. Employees involuntarily terminated from employment for reasons other than gross misconduct.
3. Employees who are laid off for economic reasons.

Notification and Response Process:

Eligible employees must elect to extend health-care coverage within 60 days of receiving their "Notice of Right to Continued Coverage" or within 60 days of the date coverage would otherwise terminate under their Plan, whichever is later. Completing the election process is the only way to ensure continued coverage occurs.

It is important that the employee respond to the election notice in order to be assured continuity of coverage or reinstatement if coverage was canceled while making a decision.

A timely election under the Law requires that the employee sign and return an election form within 60 days of the following events whichever is later:

1. The date the employee would lose coverage because employment ended, or

Disclosure: This information is being provided as general guidance and should not be considered legal advice.



2. The date the employee was sent the COBRA notice.

If the election were received within the required timeframe, the extended health-care coverage would begin immediately following the date that coverage under the Plan would have been lost on account of the qualifying event, unless expressly waived.

#### Premium Charges and Payment Timeframes:

The employer is permitted to charge up to 102% of the monthly premium to the employee for the elected coverage. This is 102% of the entire premium amount and not the portion that the employee pays.

The initial premium payment may be sent at a time other than the election notice, however it must be received no later than forty-five (45) days after the initial election date. Coverage will not be effective until the initial premium payment is received.

#### Termination of Coverage:

The coverage can be terminated if:

1. The initial premium payment is not paid or received within the required timeframes,
2. The ongoing monthly premium payments are not paid, or
3. The employee becomes covered under another group health plan, which does not exclude or limit any pre-existing condition. COBRA requires that continuation coverage be available for a pre-existing condition that is not covered under another plan subject to provisions of the Health Insurance Portability and Accountability Act (HIPPA). HIPPA basically states that pre-existing conditions are covered as long as a break in credible coverage from one employer to the next has not occurred.

#### Conclusion:

If you want to ensure the continuation of health-care coverage after leaving your employer, you have up to sixty (60) days to send your election form to the insurance carrier. Then you have up to forty-five (45) days after the election to make your initial premium payment. This provides you with approximately 105 days to obtain coverage from your new employer. However, it is important to take into consideration delays due

to mailing and processing of the enrollment form as well as the premium payments. Generally, as long as there is not a break in insurance coverage, you and your covered family members should not experience any issue with pre-existing conditions under the new employer's health-care plan. Continuation of coverage is essential.

You should discuss health-care coverage with your potential employer before accepting a job offer.