

YOUR BENEFIT PLAN

**COBRA
Continuation
Of Coverage**

**Montgomery County Public Schools
Summary Plan Description**

COBRA Continuation Coverage

Table Of Contents

What is COBRA?	1
How To Arrange For Continuation Of Benefits	3
When Continuation Of Coverage May End.....	4
When Coverage Ends, You May Convert To An Individual Policy.....	4

COBRA Continuation Coverage

What is COBRA?

Congress passed a health benefit provision in 1986, the Consolidated Omnibus Reconciliation Act known as COBRA. COBRA provides temporary continuation of health coverage to former employees, spouses, former spouses, and dependent children at group rates for certain qualifying events. If employees choose not to continue coverage with COBRA, MCPS coverage will be terminated.

You may elect to continue your medical, dental, prescription drug, and vision coverage under COBRA. Employees may not continue life insurance through COBRA. You may continue all or part of your coverage through COBRA. You will only be permitted to change plans if the COBRA plan you are currently enrolled in will not provide coverage where you presently reside. Additionally, you will participate in open enrollment once a year. At that time, you will be permitted to make plan changes.

Qualified Beneficiary

A qualified beneficiary is generally an individual covered by a group health plan on the day before a qualifying event who is either an employee, the spouse of an employee, the child of an employee, and in some cases the spouse of, or the child of a retiree.

Qualifying Events

Qualifying events are events that would cause an individual to lose health coverage. The type of qualifying event will determine who the qualified beneficiaries are and the amount of time that a plan must offer the continuation of health coverage under COBRA. To be eligible for COBRA coverage, you and/or your eligible dependents must have been enrolled in MCPS group health plan while employed, and the health plan must continue in effect for active employees.

You may choose to continue this coverage for up to **18 months** if group coverage ends because:

- your employment ends (voluntarily or involuntarily, except for gross misconduct); or
- your hours are reduced so that you are no longer eligible for the group plan.

You may continue coverage for up to **29 months** if you become disabled at the time your employment ends or your hours are reduced (or you become disabled within 60 calendar days after either of these events occur). Likewise, your spouse (and any dependent children) are entitled to continue coverage for up to 29 months if you have become disabled.

COBRA Continuation Coverage

To have coverage extended, the COBRA Plan Administrator must be notified of the disability within 60 calendar days of being determined as disabled. As with current COBRA requirements, the Social Security Administration will make the determination of any applicable disability. This must occur within the first 18 months of COBRA coverage.

You also will have to notify the Plan Administrator within 30 calendar days of the date Social Security determines that you are no longer disabled. Once you notify the Plan Administrator, COBRA coverage will end, effective the month beginning 30 calendar days after Social Security determines you are no longer disabled.

Your spouse (and any dependent children) may choose to continue coverage and pay full premiums for up to **36 months** if their coverage ends because of your:

- death;
- divorce ;
- termination of employment for any reason other than gross misconduct
- Medicare entitlement after electing COBRA
- Work hours are reduced

How Long You May Continue Coverage, continued

In addition to those qualifying events for a spouse, each of your eligible dependent children may elect continuation of coverage for up to **36 months** if they lose dependent status under the terms of the group plan.

If you have or adopt a child while covered under COBRA, that child will be covered under COBRA. The newborn or adopted child will be covered as of the birth or adoption date, and will not be subject to the pre-existing conditions limitations as long as you notify the COBRA Plan Administrator within 30 calendar days of the birth or adoption. This provision also applies to children who are placed with you for adoption (before the final adoption has officially occurred.)

The newborn or adopted child will be eligible for an additional 18 months of coverage if a second COBRA qualifying event occurs. A second qualifying event includes:

- your death;
- divorce;
- legal separation;
- you or your spouse becoming eligible for Medicare; or
- your child no longer qualifying as a dependent.

Coverage may be continued under any qualifying event without proof of good health. however, in almost all cases the maximum continuation period is 36 months. .

COBRA Continuation Coverage

How To Arrange For Continuation Of Benefits

You or your covered dependents have 60 calendar days from the date coverage ends (or, if later, from the date you are notified of your COBRA rights) to enroll in COBRA coverage. You (or your dependents) will automatically receive notification that you are entitled to COBRA coverage. You or your covered dependents must contact Montgomery County Public Schools' Employee and Retiree Service Center at 301-517-8100 to obtain additional information on your continued coverage rights and to request a COBRA application. **If the Employee and Retiree Service Center does not receive your application and the first month's COBRA premium made payable to SHPS, Inc. (the COBRA plan administrator) within 60 calendar days of the cancellation date (or, if later, from the date you are notified of your COBRA right), continuation under COBRA will not be available.** A covered employee or the covered employees spouse may elect COBRA coverage on behalf of all other qualified beneficiaries. A parent or legal guardian may elect COBRA on behalf of a minor child.

Who Pays for COBRA Coverage

Beneficiaries will be required to pay for COBRA coverage. COBRA participants pay a higher premium than active employees since the employer usually pays part of the premium for an active employee. COBRA participants are paying the entire premium cost themselves in addition to a 2 percent administration fee.

You will send your first month's premium payment (made payable to SHPS, Inc) to the Employee and Retiree Service Center with your application for COBRA within 60 days of the coverage cancellation date (or, if later, the date you were notified of your COBRA right.)

It is likely that there will be a lapse in coverage of a month or more between the date of cancellation and the time you make the COBRA election decision. You will need to pay COBRA premiums from the time your coverage canceled through the time you are electing to begin COBRA coverage. You may owe more than one month's premium at the time you enroll in COBRA coverage

Thereafter, your premium is due on the first day of each month. The plan will not pay for any claim if your COBRA payment has not been received by the appropriate due date. If payment is not received within 30 days of the due date, your coverage will be canceled as of the day following the due date (the second day of the month.)

Coverage is effective as of the date of the qualifying event, but only after payment is received. Premiums are due thereafter on a monthly basis, no later than 30 calendar days after the monthly due date and should be mailed directly to the COBRA Plan Administrator.

COBRA Continuation Coverage

Premiums may be increased if costs to the plan increase, and generally must be fixed in advance of each twelve month premium cycle.

Claims Procedures

You should submit a written claim for benefits directly to the health plan. Claims procedures are included in the individual benefit summary plan descriptions provided by the Employee and Retiree Service Center or the individual health plan directly.

When Continuation Of Coverage May End

MCPS has the right to end this continued coverage if:

- MCPS stops providing health care coverage for all employees;
- you (or your spouse or dependents) do not pay premiums within the grace period;
- after electing COBRA, you (or your spouse or dependents) become covered under Medicare;
- after electing COBRA, you become covered under another group plan which has no pre-existing condition clause with respect to any condition you (or your spouse or dependents) may have; or
- The last day of maximum coverage is reached.

When Coverage Ends, You May Convert To An Individual Policy

When your COBRA continuation coverage ends, you, your spouse, and/or your dependents may obtain an individual health care policy from the insurance carrier at the time the COBRA coverage ends. You or your dependents are eligible for this conversion privilege if you have had medical coverage through MCPS and are not eligible for Medicare. You may convert your coverage without showing proof of good health.

The chance to convert to a personal policy is available to your spouse if you should die and to any of your children if they become ineligible for dependent coverage. To convert to individual coverage, you have 30 calendar days to apply to the insurance carrier and pay the required premium.

Montgomery County Public Schools (MCPS) expects to continue the benefit plans described in this *Summary Plan Description*, but reserves the right to modify, amend, suspend, or terminate any plan at any time and for any reason except as limited by applicable union contracts. If there is any conflict between this *Summary Plan Description* and the plan documents, the plan documents will always govern. You should not rely on any oral description(s) of the plan since the written terms of the plan documents will always govern. This *Summary Plan Description* does not constitute a contract of employment. Based on its discretionary authority, the Plan Administrator will interpret the plan provisions.