



## COBRA Frequently Asked Questions.

**PLEASE NOTE:** The following topics and questions contained in this electronic response do NOT apply to any covered individuals who are receiving state continuation coverage of their health insurance. Please call us at 800-594-6957 or your insurance carrier for specific information on your state continuation eligibility and benefits.

### U.S. Department of Labor

- Deciding Whether to Elect COBRA Health Care Continuation Coverage After Enactment of HIPAA
- DOL - Frequently Asked Questions about COBRA Continuation Health Coverage
- elaws - Employment Laws Assistance for Workers and Small Businesses

Your COBRA notice contains important information. This FAQ highlights some of the most frequently asked questions. Please read and retain your COBRA notice so that you are aware of the rules and regulations concerning your COBRA rights.

### How do I elect and pay for COBRA?

You may elect COBRA continuation coverage through our website at [www.isolvedbenefitsservices.com](http://www.isolvedbenefitsservices.com). If you prefer, you may submit a written election by completing the enclosed COBRA Continuation Coverage Election Form. Elections will not be accepted if they are not made either through our website or in writing. You must elect COBRA coverage no later than the "Must Elect By" date, which is the later of 60 days from the "Loss of Coverage" date or the date of this notice. The "Must Elect By" date and the "Loss of Coverage" date are shown in the table above. If you fail to timely elect, you will lose your right to continue coverage. Proof of timely election is your responsibility. A COBRA election is deemed made on the date it is postmarked.

If you mail your election for continue your coverage(s), you must complete the COBRA CONTINUATION COVERAGE ELECTION FORM and mail it to isolved Benefit Services, POSTMARKED no later than the last date to elect, as shown in your COBRA notice. The form is the last one to two pages of this COBRA Notice. The return address is listed on the bottom of the election form below, where you sign and date the form. Please note that COBRA is a health benefit continuation law that allows you to continue the employer's group health plan coverage that you previously had before your Qualifying Event.

### How do I get my coverage reinstated quickly?

You may include your first monthly premium payment with your COBRA election form. You are allowed 45 days from the date your election form is POSTMARKED (or entered online) to make your payment back to the loss of coverage date to the current month. Please be aware that coverage will not be reinstated until the first month's COBRA premiums have been paid in full. Please note that isolved Benefit Services is not an insurance carrier and does not pay insurance claims. You may pay more than one month at a time if you wish. The amount listed on your notice is a monthly premium.

*All ideas and information contained within these documents are the intellectual property rights of isolved Benefit Services. These documents are not for general distribution and are meant for use only by isolved Benefit Services participants. Unauthorized distribution of these documents, in any form or means including electronic, mechanical, photocopying or otherwise is prohibited.*

## Can I call isolved Benefit Services to ensure receipt of my election and/or payment?

Yes. However, isolved Benefit Services sometimes experiences periods of high call volume. You can also check the status of your election and payments online at [www.isolvedbenefitservices.com](http://www.isolvedbenefitservices.com). In the upper right-hand corner, click "LOGIN"; under "COBRA Login"; click on "Employees". Enter your username and password that is listed on your COBRA election notice. For security purposes, the election notice is the only document that will contain that information, so please save it for future reference. You are also able to get copies online of your COBRA notices and invoices that have been mailed to you. You are not able to make your COBRA election or payments online. Payments must be made by check or money order and mailed to isolved Benefit Services.

## Will I receive a monthly invoice?

isolved Benefit Services mails invoices approximately 20 days prior to the due date. However, monthly invoices are not required by law, so if you do not receive an invoice for some reason, you are still responsible for making the COBRA payment within the grace period for that month.

## What is the isolved Benefit Services payment address?

COBRA elections and payments should be mailed to: isolved Benefit Services, Attn: Payment Center, PO Box 949, Coldwater, MI 49036-0949. Please make check or money order payable to isolved Benefit Services. (We cannot accept credit card payments or payments over the phone.) If sending priority mail, our physical address is: isolved Benefit Services, Attn: Payment Center, 15 E Washington Street, Coldwater, MI 49036.

## Can I make an online payment?

Yes, there is a \$1.45 convenience fee for online payments made through our website. Online payments will be posted immediately to your record. Payments made through the mail will need to allow for adequate time for mail and processing. Payments made online may be reversed if the transaction does not clear your bank.

## Is it possible that I can pay timely for coverage and the insurance carrier might deny eligibility?

Unfortunately, yes. isolved Benefit Services is not an insurance company. Even though Isolved Benefit Services updates its records and sends daily reports, there is sometimes a delay between the time isolved Benefit Services receives the COBRA premium and the insurance carrier updates its records. You can call the insurance carrier, resubmit claims and/or contact isolved Benefit Services if you experience this difficulty. To re-emphasize, isolved Benefit Services is not an insurance company and does not pay insurance claims.

## Will I receive new insurance cards?

You may or may not. After you elect and pay for COBRA, you will generally use the same insurance card(s) that you used when you were an active employee. Any requests for insurance cards should be directed to the insurance carrier, not to isolved Benefit Services. Your first month's payment will reinstate you back onto the plan you had, and back to the date you were removed as an active employee. No gaps in coverage are allowed except in very limited circumstances.

## General COBRA Questions

### What is COBRA and its purpose?

Since the federal government could no longer afford to pay uninsured medical claims (due to the tremendous budget deficit), Congress enacted the Consolidated Omnibus Budget Reconciliation Act. (COBRA, 1985). The purpose of COBRA is to prevent individuals from becoming uninsured due to certain events such as termination of employment (see What is a Qualifying Event?). COBRA offers individuals the opportunity to have coverage for a limited amount of time during the transition period from a loss of coverage until other health coverage is obtained as long as required guidelines are followed.

### Who is a Qualified Beneficiary?

Each employee, spouse and dependent child covered under the group health plan the day before the qualifying event, and who lost coverage due to the event, is a Qualified Beneficiary and has independent election rights under COBRA. This means each qualified beneficiary may elect to continue coverages that were in place at the time of the qualifying event. COBRA Qualified Beneficiaries may also be allowed all options that active employees have under the plan, under the same terms and conditions as the active employees. If, during the COBRA coverage period, a child is born to or placed for adoption with the covered employee on COBRA, that child will be provided Qualified Beneficiary status if the child is enrolled on the plan. If a qualified beneficiary is incapacitated, another specific individual could elect on his/her behalf by contacting the employer/plan administrator.

*All ideas and information contained within these documents are the intellectual property rights of isolved Benefit Services. These documents are not for general distribution and are meant for use only by isolved Benefit Services participants. Unauthorized distribution of these documents, in any form or means including electronic, mechanical, photocopying or otherwise is prohibited.*

## What is a Qualifying Event?

If a loss of group health insurance coverage occurs due to a listed event, the employer/plan administrator has the responsibility of notifying you of your right to elect COBRA. (Subject in some cases as outlined in the Plan Information paragraph.) These Qualifying Events provide 18 months of coverage for all Qualified Beneficiaries from the date of the Qualifying Event:

- Voluntary Termination of employment
- Involuntary Termination of employment
- Reduction of Hours (such as strike, layoff, leave of absence, full-time to part-time)

These Qualifying Events provide spouse and dependents 36 months of coverage from the date of the Qualifying Event:

- Death of the Employee
- Employee's Medicare Entitlement
- Divorce or Legal separation
- Dependent child ceasing to be a dependent

Plan Information: For detailed plan information, please refer to your insurance booklet. Your "insurance booklet" may be referred to as a Summary Plan Description (SPD), benefits booklet or Certificate of Coverage, which may be available by contacting the employer/plan administrator.

## Who is eligible for COBRA coverage?

Individuals on the group health plan the day before a Qualifying Event and who lose coverage due to the event are eligible for COBRA.

## Is there a waiting period before a covered individual is eligible for COBRA coverage?

No, there is no waiting period to be eligible for COBRA coverage. Individuals on the group health plan the day before the Qualifying Event are eligible for COBRA.

## Will there be a difference in coverage?

When a Qualifying Event occurs you are offered the same group health coverage that you were receiving the day before the Qualifying Event.

## What coverages are offered under COBRA?

Medical, Dental, Vision, Prescription, Health FSAs and certain EAPs and HRAs.

## Why are life and disability insurance not offered under COBRA?

Life and disability insurance are not coverages that fall under the COBRA federal law and therefore not available under the continuation of COBRA. These types of plans do not meet the definition of a group health plan, as it is defined by COBRA.

## Can I add my family to COBRA coverage if they were not on my plan when I was an active employee? if they were not on my plan when I was an active employee?

COBRA allows a Qualified Beneficiary's spouse or dependents to be added to the plan in the same manner as active employees, which is generally during open enrollment or through Special Enrollment Rights (see next question).

## What are Special Enrollment Rights?

HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT (HIPAA) SPECIAL ENROLLMENT: If you decline enrollment for yourself or your dependents (including your spouse) because of other coverage, you may in the future be able to enroll yourself or your dependents in this plan, provided that you request enrollment within 30 days after your other coverage ends. In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents, provided that you request enrollment within 30 days after the marriage, birth, adoption, or placement for adoption.

## Do I have any reporting responsibilities?

Yes, the employee, spouse and/or dependent child has the responsibility to inform the employer/plan administrator within 60 days of the following:

- Divorce or legal separation
- Dependent child ceasing to be a dependent child

Plan terms regarding eligibility may be found in your insurance booklet. The 60-day period would run from the event date or the date coverage would be lost due to the event, whichever is later. If the employer/plan administrator were not informed of one of these events by the end of the 60-day period, COBRA may not be offered. If you experience one of these events, notify the employer/plan administrator immediately.

*All ideas and information contained within these documents are the intellectual property rights of isolved Benefit Services. These documents are not for general distribution and are meant for use only by isolved Benefit Services participants. Unauthorized distribution of these documents, in any form or means including electronic, mechanical, photocopying or otherwise is prohibited.*

## What happens if the Social Security Administration deems me disabled?

If an individual is on COBRA due to a termination of employment or reduction of hours, they may be eligible to extend their COBRA up to 29 months if ALL of the following criteria are met.

- The disability is deemed under Title II or Title XVI of the Social Security Act.
- The disability began during the first 60 days of COBRA coverage or before COBRA coverage began.
- The disability determination is reported to the employer within 60 days of the determination.
- The disability determination is reported to the employer before the end of the 18-month COBRA coverage period.

If deemed no longer disabled, all Qualified Beneficiaries are no longer eligible for the additional 11 months of COBRA and coverage will end the month that begins 30 days after the date of the final determination. Up to 150 percent of the applicable premium could be charged for this extension of COBRA from the 19th through the 29th month, if the disabled Qualified Beneficiary is part of the extension.

## I'm moving outside a region-specific area, what about my COBRA continuation coverage?

For a COBRA Qualified Beneficiary outside of the region, coverage may be reduced similarly to that of active employees outside of the region. In certain instances, coverage may be eliminated or provided for emergency service only. If the employer or plan administrator has a plan that would provide you coverage outside of the HMO region, this plan must be made available to you either on the date of your relocation or, if later, the first day of the month following your request for this coverage. Please refer to your insurance booklet for specific information.

## If a plan changes, why can't I stay on the old plan?

If the employer changes the plan for active employees and ceases the old plan, you must move to the new plan if you want to continue your COBRA coverage. Once the old plan ceases there is not a plan to continue coverage on.

## Will I get new insurance cards, if choosing to continue coverage under COBRA?

You would need to call your health plan carrier to verify if you will receive new insurance cards or if you should continue to use the ones you have.

## If I have out-of-pocket expenses before my coverage is reinstated where do I get claim forms for reimbursement?

If you have out-of-pocket expenses, you need to call the health insurance carrier to request claim forms. Check the back of your insurance card or plan booklet for a toll free number for that request. Claims would be sent to the insurance company for reimbursement.

## Electing COBRA

### What is the election period and how long must it last?

You are allowed 60 days to elect COBRA. The 60-day election period would run from the date the notice was sent or the date coverage was lost due to the event, whichever is later. Please be aware you may be removed from the group health plan during the 60-day election period. Generally, your coverage would be reinstated without interruption if COBRA were elected and paid for within the proper time frames.

### If I have other coverage can I elect COBRA?

COBRA allows you to elect and pay for COBRA and have dual coverage as long as the other coverage was in effect the day before you elected COBRA coverage.

### Can each Qualified Beneficiary make independent election under COBRA?

Yes. Each Qualified Beneficiary has independent election rights. This means if a family was on the group health plan the day before the Qualifying Event and only the spouse or dependent wanted to elect COBRA he/she may elect for himself/herself only.

### When I elect COBRA do I have to pay back to the loss of coverage date or can I pay my premiums going forward from my election?

COBRA coverage is retroactive to your loss of coverage date so there is no gap or lapse in coverage. (See "Can I send my payment with my election" for time frames on paying this initial premium.)

### When I fill out my election form, if I'm the employee, do I have to list my name?

Yes, you must list each person in your family who is electing COBRA, including the employee.

### Can I make changes to my coverage after I elect and pay for COBRA?

Any Qualified Beneficiary is allowed to make changes to their coverage under the same terms and conditions as an active employee. Generally, this is at open enrollment; you will need to verify with the group health plan when you are allowed to make changes.

*All ideas and information contained within these documents are the intellectual property rights of Isolved Benefit Services. These documents are not for general distribution and are meant for use only by Isolved Benefit Services participants. Unauthorized distribution of these documents, in any form or means including electronic, mechanical, photocopying or otherwise is prohibited.*

## Can I send my payment with my election?

Yes, if you elect COBRA, you would be allowed 45 days to pay the retroactive premium (premiums back to the loss of coverage date). The 45-day period would begin on the date your election was sent to the employer/plan administrator. The retroactive premium is all premiums due from the loss of coverage date to the date of payment. If you wish to be reinstated back on the plan without that 45-day grace period, you may send the payment with the election form. However, you will not be reinstated back on the plan until Isolved Benefit Services receives a payment that completes the first month of COBRA coverage.

## Once I elect COBRA, when will I show active on the group health plan again?

The day after Isolved Benefit Services receives your retroactive payment a report will be faxed to either your former employer or the insurance carrier indicating to reinstate you retroactively on the group health plan. Generally, it can take the carrier 7-10 business days or more before they show you active on the plan. Some carriers may take longer. It is the responsibility of the insurance carrier to reinstate you. Isolved Benefit Services will not send this report until we receive payment that completes at least the first month of COBRA coverage.

## COBRA Premium Questions

### Can COBRA premiums increase?

Yes, COBRA premiums can be increased once in a 12-month determination period, or due to changes in coverage, such as adding family members. The premiums may also increase if your COBRA coverage is extended due to a Social Security Disability Determination.

### What is the amount a group health plan can charge for COBRA continuation coverage?

For any period of COBRA continuation coverage, a group health plan can require the payment of an amount that does not exceed 102 percent of the applicable premium for that period. A group health plan is permitted to require payment of an amount that does not exceed 150 percent of the applicable premium for period of COBRA continuation coverage covering a disabled Qualified Beneficiary.

### Why are the rates so high?

As a Qualified Beneficiary you are charged 102 percent of the applicable premium that your employer was paying the carrier to have you and any covered dependents on the plan when you were covered on the group health plan.

### What is timely payment for COBRA continuation coverage?

You are allowed at least a 30-day grace period from the due date to pay each monthly payment. Any payment within this time frame is considered timely.

### Can I use my credit card to pay for COBRA coverage?

Not at this time. Isolved Benefit Services is not set up to take credit card payments.

### Will I receive invoices each month?

Generating monthly invoices is not a requirement for continuation coverage. Isolved Benefit Services does send monthly invoices as a courtesy; however, in the absence of an invoice you must have your COBRA premiums postmarked no later than the last day of the grace period.

### What if I don't get an invoice?

It is your responsibility to pay your COBRA premiums even in the absence of an invoice. If you do not have an invoice you can send your payment along with the employee's name and the name or account number of the former employer. Mail payment to Attention: Payment Center, Isolved Benefit Services, Inc., PO Box 949, Coldwater, MI. 49036.

*All ideas and information contained within these documents are the intellectual property rights of Isolved Benefit Services. These documents are not for general distribution and are meant for use only by Isolved Benefit Services participants. Unauthorized distribution of these documents, in any form or means including electronic, mechanical, photocopying or otherwise is prohibited.*

## Terminating COBRA

### For what reasons can my COBRA coverage be terminated?

REASONS COBRA COULD TERMINATE EARLY:

1. The employer no longer provides any group health coverage to any employee.
  2. The COBRA premium is not paid by the grace date.
  3. After the date you elect COBRA, you become covered under another group health plan.
  4. After the date you elect COBRA, you become enrolled or effective on Medicare.
  5. The Qualified Beneficiary is no longer deemed disabled by Social Security, coverage will terminate the first of the month that is more than 30 days after the date of the final determination.
  6. COBRA continuation coverage may be retroactively terminated for cause (e.g., fraudulent activity) on the same basis that the plan terminates the coverage of a similarly situated active employee for cause.
- Health FSAs (Section 125 or cafeteria plans) may have a separate, earlier expiration date.

### What if I want to terminate my COBRA coverage?

You would stop making payments and isolved Benefit Services will allow the grace period to lapse for the premium that is due. You will automatically be removed from the plan if the payment is not received postmarked by the last day of the grace period.

### If I am terminated off COBRA due to non-payment will this reflect on my credit?

Nonpayment of COBRA premiums is not reported to the credit bureau, therefore it will not reflect on your credit rating.

*Disclaimer: The information presented in this electronic response applies generally and is not specific legal opinion. The information provided is the product of our best thought and advice and takes into account many COBRA reference sources. It is also based upon the facts presented to us. Any change in facts may change our response. This electronic response is based upon research of the original COBRA statute, proposed COBRA regulations, TRA of 1986, OBRA of 1986, TAMRA of 1988, OBRA of 1989, OBRA of 1990, OBRA of 1993, FMLA of 1993, HIPAA of 1996, SBJPA of 1996 and the 1999 Final and Proposed COBRA Regulations. Also included is the impact of COBRA lawsuits (federal court opinions) and guidance from the Internal Revenue Service, the Department of Labor and our own legal counsel. Please bear in mind that relying solely upon one of the aforementioned informational sources may not satisfy proper compliance standards. Specific answers concerning specific situations should be obtained from your own legal counsel.*

*All ideas and information contained within these documents are the intellectual property rights of isolved Benefit Services. These documents are not for general distribution and are meant for use only by isolved Benefit Services participants. Unauthorized distribution of these documents, in any form or means including electronic, mechanical, photocopying or otherwise is prohibited.*