

COBRA

Your Ultimate Health Coverage Guide™



This Guide will help you discover and understand your COBRA options and 6 alternative health care options for those who qualify. After reading this guide, you should have a good understanding of which options suit you best.



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*Helping Californians
navigate public & private
health care options*

If You Had Coverage Through An Employer Plan You May Be Able To Keep Your Same Coverage Through...

COBRA (or HIPAA)...and Then HIPAA

- 1** As long as the company is still in business and offering health coverage to employees, you may be eligible to continue with your plan and pay for it on your own for up to 36 months. This is through either COBRA or Cal-Cobra.
- 2** Even after COBRA you can stay covered through HIPAA (the privacy and portability law). For more information on HIPAA see Page 4.
- 3** Certain other rules may apply, so be sure to contact your employer.

COBRA

COBRA is a federal law that allows for continuation coverage for people who had an employer sponsored plan; however, now the entire premium is your responsibility to pay (not that of your ex-employers). It can help you maintain coverage while you're in transition. Cal-Cobra is a California law that offers the same coverage as federal COBRA, but for companies with 2-19 employees. If you become eligible for Cal-Cobra after January 1, 2003 you can elect to be covered for 36 months instead of the prior 18 month coverage extension. (You cannot have Cal-Cobra and Medicare at the same time)

Disclaimer: The information contained in this brochure is intended only as a general guide and not specific advice as to what coverage any particular individual might qualify for or most benefit from. Please consult your employer benefits manager, insurance broker or other resources listed on the back of this brochure before you change or drop your current health plan coverage.

What's in this Brochure?

Getting started
Cost of COBRA **2**

Who Qualifies For COBRA?
How Long Does Coverage Last? **3**

What is the new COBRA Subsidy?
✦ The Basics
✦ Eligibility **4**
✦ Advantages
✦ Disadvantages

Other Options Besides COBRA
✦ HIPAA & HIPP
✦ Individual Insurance
✦ Small Group “Guarantee Coverage”
✦ MRMIP **5-10**
✦ Moderate/Low Income Household
Options
✦ Elderly/Disabled & Not Qualified
For COBRA

Notes **11-13**

Getting Started

By law your employer is mandated to give you all the information on COBRA in case your employment should become voluntarily or involuntarily terminated for reasons other than gross misconduct.

To be eligible for COBRA you must:

- Have been enrolled in the employer's health plan when you worked.
- The health plan must continue to be offered for employees.
- You need to fill out a COBRA election form, a HIPAA Certificate of Creditable Coverage, and Qualifying Event Letter (these requirements vary with employers so be sure to contact your employer to find out what is needed).
- If there is no longer a health plan, there is no COBRA coverage available (see page 4). However, if there is another plan offered by the company, you may be covered under that plan.

To elect COBRA:

- Employers or health plan administrators must provide and initial general notice if you are entitled to COBRA benefits. You may or may not have received an initial notice when you were hired.
- This notice should include: your right to elect coverage within 14 days after the administrator has received notice from your employer.
- You must elect coverage by the 60th day after the written notice is sent or the day health care coverage ceased, whichever is later. Otherwise, you will lose all rights to COBRA benefits.
- Spouses and dependent children covered under your health plan have an independent right to elect COBRA. For instance, if you have a family member with an illness at the time you are laid off, that person alone can elect coverage.

Cost of COBRA

- You will be required to pay the entire premium and 2% towards administrative costs (Total of 102%). Cal-Cobra costs 110% of applicable premium.
- For qualified beneficiaries receiving the 11 month disability extension of coverage, the premium for those additional months may be increased to 150% of the plan's total cost of coverage.
- COBRA premiums may be increased if the costs of the plan increases. Generally, the costs are fixed in advance of each 12-month premium cycle. The plan must allow you to pay premiums on a monthly basis, if you ask to do so. The plan may also allow you to make payments at other intervals (weekly or quarterly).

Who Qualifies For COBRA?

- **Employees who:**
 - Voluntarily or involuntarily terminate their employment for reasons other than gross misconduct.
 - Have their hours reduced.
- **Spouses of:**
 - An employee who voluntarily or involuntarily terminate their employment for any reason other than gross misconduct.
 - An employee whose hours are reduced.
 - Covered employees becoming entitled to Medicare
 - Divorce or legal separation from the covered employee.
 - A covered employee who passed away.
- **Dependent Children who:**
 - Lost their “dependent child status” under the plan rules
 - Are insured by a covered employee who voluntarily or involuntarily terminates his/her employment for any reason other than gross misconduct
 - Are insured by a covered employee whose hours were reduced.
 - Are insured by a covered employee who becomes entitled to Medicare.
 - Are involved in a divorce or legal separation of the covered employee.
 - Are insured by a covered employee who passed away.

How Long Does Coverage Last

Qualifying Event	Covered Person	Period Of Coverage
Voluntary or involuntary termination or Decrease in employee work hours	Employee Spouse Dependent Child	18 Months*
Employee enrolled in Medicare Part A or B	Spouse Dependent Child	36 Months
Employee dies or there is a divorce or legal separation	Spouse Dependent Child	36 Months
Loss of “Dependent Child” status	Spouse Dependent Child	36 Months

*There is generally an option to extend this coverage.

What Is The New COBRA Subsidy?

IF YOU CANNOT AFFORD YOUR COBRA PREMIUMS, YOU MAY BE ABLE TO GET HELP THROUGH THE NEW COBRA SUBSIDY..

The Basics

As of February 17, 2009, new federal subsidies were made available to involuntarily laid off eligible persons, offering premium assistance - up to 65% of monthly COBRA premiums for up to 9 months.

Eligibility

- You must have ended your employment involuntarily between September, 1st 2008 and December 31st, 2009 and
- At the time of job termination you must have been a participant in the employer-sponsored group plan, and
- Your annual income must be less than \$125,000 for individuals or less than \$250,000 for families

Advantages

- You can save up to 65% off of your COBRA premiums for nine months.
- COBRA provides valuable protection for persons with pre-existing medical conditions who might otherwise be denied coverage from an individual plan.
- Allows you to keep the same coverage and the same physicians.

Disadvantages

- Even with subsidy, premiums may be cost-prohibitive.
- Subsidy lasts only nine months, so be prepared to pay full premiums thereafter or investigate other options.
- If employer has fewer than 20 employees or goes out of business, you may not be eligible for federal COBRA assistance.

Six Alternatives To COBRA:

1. HIPAA & HIPP

IF YOUR GROUP COVERAGE IS ENDING AND YOU DON'T HAVE ACCESS TO COBRA, YOU AND YOUR DEPENDENTS ARE GUARANTEED A NEW PRIVATE PLAN OF YOUR CHOICE THROUGH HIPAA.

Perhaps the company discontinued their employee health plan or went out of business. Because of the HIPAA (Health Insurance Portability and Accountability Act) law you cannot be turned down because of any health conditions. HIPAA is also the law that deals with medical privacy.

HIPP (Health Insurance Premium Payment) helps if your lack of income or high medical expenses qualify you for Medi-Cal then you may qualify for the HIPP program which allows you to keep your same plan but the cost would be paid for by Medi-Cal.

How To Apply: You will have to satisfy certain rules like having your current insurance plan and/or COBRA coverage for at least 18 months (your COBRA coverage must be exhausted). Ask your current insurance company to provide you with a "certificate of creditable coverage" which you can then provide to your insurance agent or new insurance company. Keep in mind you need to apply for new insurance with this certificate within 63 days from when COBRA ends.

Cost: The cost of your new health insurance policy will depend on the plan you choose. Compared to your old plan, the costs are typically higher than group coverage.

Why this is a good option: This is a good option if you have serious health conditions. You should compare it to the cost and benefits of a MRMIP plan (See Page 7 for details on MRMIP Plan). If you are healthy you should also compare the cost and benefits of buying a plan on your own which might be the most affordable way to go if you pass medical underwriting for this coverage.

2. Individual Insurance

IF YOU ARE A HEALTHY CHILD, YOUNG ADULT, OR MIDDLE AGE PERSON YOU MAY FIND MORE AFFORDABLE HEALTH COVERAGE THROUGH INDIVIDUAL INSURANCE.

You can purchase an inexpensive “catastrophic” plan which will protect you from huge medical expenses in the event of a tragic accident or illness. Those plans also provide free or inexpensive annual check-ups and discounts on prescriptions and doctor visits.

How To Apply: You would be wise to enlist the help of an insurance agent or broker in order to compare plan prices and benefits. The insurance companies will look at your health history in order to determine the price of your plan and your eligibility. If you are declined due to pre-existing health conditions, you will qualify for MRMIP (page 7).

Cost: What you pay will depend on your, age, health and the benefits. For example, according to eHealthInsurance.com a 27 year old smoker in San Mateo, CA could pay as little as \$46 per month for PPO plan with a \$4,000 deductible. Be aware, if you elect this option you are no longer eligible for COBRA.

Why this is a good option: Buying individual insurance is good if you are healthy because it may be more affordable than COBRA, HIPAA, MRMIP or even a group plan.

3. Small Group “Guarantee Coverage”

IF YOU OWN OR WORK FOR A SMALL COMPANY WITH 2 OR MORE EMPLOYEES YOU ARE GUARANTEED TO QUALIFY FOR COVERAGE AS A SMALL BUSINESS.

Do you draw wages from a small business? Do you work for a small business of 2 or more employees including yourself? Do you, your dependents or fellow employees have expensive medical conditions? Guarantee Coverage means no one, including dependents, can be turned down for insurance. This is great for employees in small businesses who might otherwise have difficulty qualifying or affording health insurance on their own.

How To Apply: As the owner, you can count as one employee if you draw wages. You may need to present your business license and fill out a special form. Employees need to work at least six months out of the year and earn wages from 20 hours of work per week. An agent or broker will help you through this process.

Cost: Find an insurance agent who specializes in small group health plans. You will get to compare prices and benefits to see which plans fit your needs.

Why this is a good option: In many cases offering employees a health plan can be less expensive than offering a raise (because of administration and workers compensation costs). If you or someone in your company has pre-existing health conditions you/they will not be turned down for small group health coverage due to the “Guarantee Coverage” rule. Small group rates are also medically underwritten, as such your rates can only vary plus or minus 10% based on the health status of the group.

4. MRMIP (Major Risk Medical Insurance Program)

IF YOU HAVE SERIOUS MEDICAL CONDITIONS AND HAVEN'T RECENTLY BEEN COVERED BY AN EMPLOYER PLAN, YOU CAN GET PRIVATE INSURANCE THROUGH MRMIP.

California has formed what is called a “high risk pool” for individuals and their dependents who have been denied access to an individual plan. Several of the state’s largest insurance companies, Blue Cross, Blue Shield (HMO), Contra Costa Health Plan, Kaiser Permanente (Northern and Southern California) are required to offer you plans through the MRMIP program (pronounced “Mr. Mip”). Under MRMIP, individuals have an annual benefit maximum of \$75,000 and a lifetime benefit maximum of \$750,000.

How To Apply: You will need proof in the form of a declination letter from an insurance company or a quote in a monthly premium price more expensive than what MRMIP offers.

Cost: Your cost will depend on the plan you select, the benefits you need and where you live. There is a \$2,500 out-of-pocket maximum for individuals and an out-of-pocket maximum of \$4,000 for families.

Why This Is A Good Option: If you do not have access to public programs, small group coverage or continuation coverage (COBRA or HIPAA) this may be your only option. Compared to the actual costs of your doctor visits, therapy, lab work or prescriptions, this may be the best for you.

5. Moderate/Low Income Household Options

IF YOUR HOUSEHOLD INCOME IS MODERATE OR LOW AND/OR YOU ARE PREGNANT OR HAVE SERIOUS MEDICAL CONDITIONS YOU HAVE OPTIONS...

- Medi-Cal (for children and families)
- Access for Infants and Mothers (pregnant women and infants)
- County Programs (those ineligible for Medi-Cal)
- Healthy Families (children ineligible for Medi-Cal)

There are publicly sponsored programs for almost everyone in California. In most cases you can still have a regular doctor and the benefits are administered through the major insurance companies in the state. These plans are in place to help you until you can pay for a private individual plan or get coverage through an employer plan.

How To Apply: Many of the programs will want verification of your residency and your income, but not all. In some cases you can get applications online or from a local county hospital or clinic. Visit the Foundation for Health Coverage Education website (www.coverageforall.org) for eligibility information and contact information and applications.

Cost: Some plans will require a small monthly payment and co-pays for doctor visits. Other programs will be free. For example Healthy Families costs \$4-17 per child with a monthly maximum per family of \$51.

Why This Is A Good Option: These programs can help you get on your feet again. If you were recently diagnosed with a serious medical condition and have existing medical bills you may be able to qualify “retroactively.” In other words you may be able to get previous bills paid for by the new public plan.

6. Elderly/Disabled Options

IF YOU ARE 65 OR OLDER OR HAVE A DISABILITY AND YOU ARE NOT ELIGIBLE FOR COBRA...YOU MAY QUALIFY FOR MEDICARE

Generally, Medicare is available for people age 65 or older, younger people with disabilities and people with End Stage Renal Disease (permanent kidney failure requiring dialysis or transplant) who are not qualified for COBRA.

How To Apply: The Social Security Administration handles Medicare eligibility and enrollment. You can contact the Social Security Administration at 1-800-772-1213 to enroll in Medicare or to ask questions about whether you are eligible. You can also visit their web site at www.socialsecurity.gov.

Cost: There are different premiums depending on whether you have Part A or Part B Medicare and amount of time you worked and paid into Medicare. These factors determine your Medicare coverage.

Part A: (Hospital Insurance) Premium

- Costs range from \$0 to \$443 depending on the length of time worked and paid into Medicare of Medicare-covered employment.
- Part A helps pay for inpatient hospital care, skilled nursing care and other services.

Part B: (Supplementary Medical Insurance) Premium

- This insurance has an application process and monthly premiums that range from \$96.40 to \$308.30 depending on your income.
- This insurance covers services that Part A does not such as: flu vaccinations and ambulance services.

Why This Is A Good Option: Medicare has two parts, Part A (Hospital Insurance) and Part B (Medicare Insurance) and you can get one or the other or both. These are good options because they cover a number of services at a lower price than some COBRA plans.

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**Now Is The Time To
Choose The Coverage That Is Right For You!**

Make sure that you review all your options before making your decision. COBRA can be a great option but not for everyone. Make sure to carefully consider each of the six health coverage alternatives.

For More Information:

HIPP

www.dhs.ca.gov/mcs
or www.healthconsumer.org
866-298-8443

HIPAA

www.dol.gov
866-4-USA-DOL (866-487-2365)

Individual & Small Group Insurance

www.cahu.org
800-322-5934

MRMIP

www.mrmib.ca.gov
800-289-6574

Moderate/Low Income Household Options

Medi-Cal/Healthy Families 800-880-5305

AIM: www.aim.ca.gov

AIM: 800-433-2611

Country Programs: www.cmspcounties.gov

Elderly/Disabled & not Qualified For COBRA

www.medicare.gov
800-MEDICARE

CA Department of Insurance

www.insurance.ca.gov

U.S. Uninsured Help Line

800-234-1317
www.coverageforall.org

