

INITIAL COBRA NOTICE
Information for New Plan Participants of COBRA Rights

Dear City of Sacramento Employee and Covered Dependents (if applicable):

This notice is intended to summarize your rights and obligations under the group health continuation coverage provision of COBRA. You and your covered spouse (if applicable) should take the time to read this notice carefully. Should you qualify for COBRA coverage in the future, the City of Sacramento (City) will mail you a COBRA election notice.

Federal law requires the City to offer employees and their covered dependents the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end.

TO QUALIFY FOR COBRA COVERAGE

Employees. As a City employee covered by the City's health plan, you have the right to elect continuation coverage if you lose your City health coverage because of a reduction in your hours of employment, change in employment status from benefit-eligible to non-benefit eligible, change in paid status (absent without pay), or the termination of your employment (for reasons other than gross misconduct on your part).

Spouses. As the spouse of an employee covered by the City's plan, you have the right to choose continuation coverage for yourself if you lose health coverage under the City's plan for any of the following reasons:

- The death of your spouse who was a covered City employee.
- A termination of your spouse's City employment (for reasons other than gross misconduct).
- A reduction in your spouse's hours of employment.
- A change in your spouse's employment status from benefit-eligible to non-benefit eligible or change in paid status (absent without pay).
- Divorce or legal separation from your spouse.
- Your spouse becomes entitled to Medicare.

Dependent Children. In the case of a dependent child of an employee covered by the City's health plan, the dependent has the right to continuation coverage if coverage under the City's health plan is lost for any of the following reasons:

- The death of a parent who was a City employee.
- The termination of a parent's City employment (for reasons other than gross misconduct) or reduction in a parent's hours of employment the City.

- A change in your parent's employment status from benefit-eligible to non-benefit eligible or change in paid status (absent without pay).
- Parent's divorce or legal separation.
- The dependent ceases to be a "dependent child" under the City's health plan, such as but not limited to, turning age 26.

YOUR NOTICE OBLIGATIONS

Under the law, the employee or a covered family member has **60 days** from (1) the date of the event or (2) the date on which coverage would be lost, whichever is later, to inform the Benefit Services Division in the Department of Human Resources of the employee's divorce or legal separation, or of the employee's covered child losing dependent status under the City's health plan. Please give written notice via email to BenefitSevices@cityofsacramento.org.

Failure to give notice within the time limits can result in COBRA coverage being forfeited.

TO ELECT COVERAGE

When Benefit Services is notified that one of these events has happened, we will in turn notify the employee, covered spouse, and covered dependents that they have the right to choose COBRA continuation coverage. The employee, covered spouse, and covered dependents have independent election rights. The employee, covered spouse, and covered dependents have **60 days** from either (1) the date coverage is lost under the City's plan or (2) the date of the notice, whichever is later, to notify Benefit Services that they want to elect continuation coverage. *There is no extension of the election period.*

If an employee, covered spouse, or covered dependent does not elect continuation coverage within this election period, then rights to continue group health insurance will end.

If an employee, covered spouse, or covered dependent chooses continuation coverage and pays the applicable premium, the City is required to provide coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan for similarly situated active employees or family members. If the City changes or ends group health coverage for similarly situated active employees, your coverage will also change or end.

DURATION OF COBRA COVERAGE

Termination, Reduction in Hours, Unpaid Status, or Non-Benefit Eligible Position Change. If City health coverage was lost because of a termination of employment (other than for reasons of gross misconduct), a reduction in work hours, unpaid status (absent without pay), or placement in a non-benefit eligible position, the continuation coverage period is 18 months from the date of the qualifying event, if elected.

Employees, Covered Spouses, or Covered Dependents with Disabilities. The 18 months of continuation coverage can be extended to 29 months if the Social Security Administration determines that the employee, covered spouse, or covered dependent child was disabled on the date of the qualifying event according to Title II (Old Age Survivors and Disability Insurance) or XVI (Supplemental Security Income) of the Social Security Act. Disabilities that occur after the qualifying event do not meet the criteria for the extended COBRA coverage period.

The employee, covered spouse, or covered dependent must obtain the disability determination from the Social Security Administration and notify Benefit Services of the result within **60 days** of the date of disability determination and before the close of the initial 18-month period. The employee, covered spouse, or covered dependent has **30 days** to notify Benefit Services from the date of a final determination that they are no longer disabled.

Multiple Events. The 18-month continuation period can also be extended, if during the 18 months of continuation coverage, a second event takes place (divorce, legal separation, death, Medicare entitlement, or a dependent child ceasing to be a dependent). The 18 months of continuation coverage will be extended to 36 months from the date of the original qualifying event. Upon the occurrence of a second event, it is the employee's, covered spouse's, or covered dependent's responsibility to notify Benefit Services within **60 days** of the event and within the original 18-month COBRA period. COBRA coverage does not last beyond 36 months from the original qualifying event, no matter how many events occur.

DURATION OF COBRA COVERAGE

Other Qualifying Events. If City health coverage was lost because of the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be a dependent child under the City's plan, then the continuation coverage period is 36 months from the date of the qualifying event, if elected.

COBRA CANCELLATION

The law provides that continuation coverage may be cut short for any of the following reasons:

- City of Sacramento no longer provides group health coverage to any of its employees.
- The premium for continuation coverage is not paid in a timely manner.
- The employee, covered spouse, or covered dependent becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition.
- The employee or covered spouse becomes entitled to Medicare.
- The employee, covered spouse, or covered dependent extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that he or she is no longer disabled
- The employee, covered spouse, or covered dependent notifies Benefit Services that they wish to cancel continuation coverage.

PREMIUMS

An employee, covered spouse, or covered dependent does not have to show that they are insurable in order to choose continuation coverage. But an employee, covered spouse, or covered dependent must have been actually covered by the group health plan the day before the qualifying event in order to elect COBRA coverage.

An employee, covered spouse, or covered dependent may have to pay all of the applicable premium, which generally cannot exceed 102% of the plan costs for a 12-month period. An exception exists for coverage of employees with disabilities during the extension from the 19th month to the 29th month. During that time, 150% of the plan cost may be charged. The City's health plan may increase the cost that must be paid for COBRA coverage if the applicable premium increases. The period for paying the initial COBRA premium following the election of coverage is **45 days**. The first payment made is to be applied retroactively toward coverage for the period beginning after the date on which coverage was lost as a result of the qualifying event.

There is a 30-day grace period following the date regularly scheduled monthly premiums are due. Only in the case of mental incapacity is any further extension permitted, since the group health plan does not permit extensions.

FURTHER INFORMATION

If you have any questions about COBRA, please contact:

City of Sacramento
Benefit Services Division
915 I Street, Plaza Level
Sacramento, California 95814

Phone: 916-808-5665

Email: benefitservices@cityofsacramento.org

<https://www.cityofsacramento.gov/HR/employee-retiree-benefits/cobra-coverage>