

Loss of Group Health Insurance Coverage and the COBRA process

What is COBRA?

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a health insurance program that allows eligible employees and their dependents the continued benefits of health insurance coverage in the case that an employee loses their job or experiences a reduction of work hours.

COBRA gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102% of the cost to the plan.

What notification requirements apply when there is a qualifying event?

An employer is required to notify Sanford Health Plan, as the COBRA administrator, within 30 days after an employee is terminated, or employment hours are reduced. Within 14 days of that notification, Sanford Health Plan is required to notify the individual of his or her COBRA rights. Each qualified beneficiary then has 60 days to decide whether to elect continuation coverage.

What steps activate COBRA Coverage through Sanford Health Plan?

1. The COBRA process is triggered by the report of a termination of coverage from an employer received by paper notice, through the myEnrollment portal, or from an electronic 834 file update.
 - a. An employer can provide a list of only employees being terminated to shpenroll@sanfordhealth.org to allow the COBRA team to get a head start on generating COBRA packets
 - b. It is advised that employers verify each terminated employees correct mailing address to ensure accurate delivery of COBRA materials in a timely manner
 - c. Employers are recommend to provide a letter to their employees whose benefits are terminating to let them know what to expect, and to anticipate their premium cost to be 2% above the current group premium rate
2. Within one to two business days of notice being received, an automated process will begin with letters sent to impacted members to provide information on the termination, and options for continued coverage through COBRA.
3. To elect continued coverage through COBRA, the member must return the Cobra Election forms via mail, fax, email or walk-in delivery to the Sanford Health Plan Enrollment department within 60 days from the date of your notice or the date your coverage ends, whichever is later. **Note: walk-in delivery is not an option at this time due to COVID-19 office restrictions.*

4. Upon receipt of the COBRA election form, an enrollment confirmation and premium coupons are sent by mail to the member.
5. Cobra coverage is month to month with strict payment deadlines. Monthly premium invoices are not sent. Members are responsible for submitting a monthly premium payment directly to Sanford Health Plan in a timely manner.

Are there options for health coverage other than COBRA?

There are multiple options available for health coverage to those entitled to elect COBRA continuation coverage when you lose group health coverage under a group health plan.

- Loss of coverage is a qualifying event that opens a special enrollment period option in the Marketplace under the Health Insurance Portability and Accountability Act (HIPAA).
- You must request special enrollment within 30 days from the loss of your job-based coverage.
- Options may include choosing coverage under a spouse's group plan, coverage under a parent's eligible plan (for age appropriate individuals), enrollment in a new individual/family plan through the Marketplace or with the assistance of an agent.
- Through the Marketplace you can also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP).