



<b>POLICY TITLE</b>	Group Health Care Coverage for Benefit-Eligible Employees	<b>Policy Number</b>	353
<b>Section</b>	Human Resources	<b>Approval Date</b>	June 18, 1992
<b>Subsection</b>	Compensation and Benefits	<b>Effective Date</b>	June 18, 1992
<b>Responsible Office</b>	Office of the Vice President of Planning, Budget, and Human Resources		

### 1.0 PURPOSE

### 2.0 REFERENCES

2.1 *Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)*

### 3.0 DEFINITIONS

### 4.0 POLICY

#### 4.1 Summary of Continued Group Health Care Coverage for Salaried Employees under Provisions of Cobra

4.1.1 On April 7, 1986, Congress enacted the *Continuation of Health Insurance Coverage Act* as a part of the *Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)*. The following summary is intended to notify employees of their rights and obligations under the continuation coverage provisions of this law. All salaried employees and their spouses should take the time to read this notice carefully.

4.1.2 In essence, effective July 1, 1986, COBRA requires Utah Valley University to offer salaried employees and their dependents the opportunity for continued health insurance in certain instances when coverage would otherwise terminate. The premiums, paid by the employee or dependent involved, must be not more than 102 percent of current group rates. COBRA allows for continued coverage of all group medical and dental plans; it does not allow for continuation of group life and long-term disability insurances. To be eligible for continued coverage, the employee or dependent must have experienced a "qualifying event," as explained below.

##### 4.1.2.1 Employee Qualifying Events



An employee has a right to choose continued health insurance coverage if he or she loses group coverage because of (1) a reduction in hours of employment or (2) termination of employment for reasons other than gross misconduct.

#### **4.1.2.2 Spouse Qualifying Events**

**4.1.2.2.1** The spouse of an employee covered by a UVU group health plan has the right to choose continued health insurance coverage if he or she loses group coverage for any of the following reasons:

- 1) Death of the covered spouse;
- 2) A reduction in the covered spouse's hours of employment or termination of the spouse's employment for reasons other than gross misconduct;
- 3) Divorce or legal separation from the covered spouse; or
- 4) The covered spouse becomes eligible for Medicare.

#### **4.1.2.3 Dependent Child Qualifying Events**

**4.1.2.3.1** A dependent child of a covered UVU employee has the right to choose continued health insurance coverage if group coverage is lost for any of the following reasons:

- 1) Death of the covered parent;
- 2) A reduction in the covered parent's hours of employment or termination of the parent's employment for reasons other than gross misconduct;
- 3) Parents' divorce or legal separation;
- 4) The covered parent becomes eligible for Medicare; or
- 5) The dependent ceases to be a "dependent child" due to turning 23 years of age or marriage.

#### **4.1.2.4 Notification**

**4.1.2.4.1** Under COBRA, the employee has the responsibility to inform the University's Benefits Office in Human Resources of a divorce, a legal separation, or a child losing dependent status under the group health plan within 60 days of the qualifying event. Human Resources has the responsibility to notify the group health plan carrier of these events plus instances of an employee's death, termination of employment, reduction in hours, or Medicare eligibility.

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**4.1.2.4.2** When the Benefits Office is informed that one of the above events has occurred, the employee, spouse, and/or dependent(s) will be notified of their right to choose continued health insurance coverage. Under the law, a qualified employee, spouse, or dependent has 60 days from the date he/she would lose coverage or 60 days from the date of the notice sent by the University, whichever period is greater, to inform the Benefits Office whether continued coverage is desired. If the Benefits Office is not notified within the time period described above, group health insurance coverage will be permanently terminated.

#### **4.1.2.5 Continuation of Coverage**

**4.1.2.5.1** If continued coverage is desired, the University is required to provide coverage that is identical to the plan provided its current employees at not more than 102% of its group premium rate. The employee, spouse, and/or dependent do not have to prove insurability to choose continued coverage. At the time of a qualifying event, each eligible person is entitled to make a separate decision of whether to continue or drop current medical and/or dental coverage. During the University's annual open enrollment period, COBRA members who wish to do so may transfer to other group medical and/or dental carriers. Throughout the term of COBRA, coverage may be obtained for a new spouse or dependent if the change is reported to the insurance carrier(s) within 31 days and any additional premiums are paid.

**4.1.2.5.2** Upon notification that continued coverage is desired, the Benefits Office will provide the employee, spouse or dependent with the appropriate application forms, instructions for the payment of premiums, and any other necessary information.

#### **4.1.2.6 Termination of Coverage**

**4.1.2.6.1** Under the terms of COBRA, continued coverage will be terminated for any of the following reasons:

- 1) UVU no longer provides group health insurance coverage to any of its employees;
- 2) The premium for the continued coverage is not paid;
- 3) The insured becomes an employee covered under another group health plan;
- 4) The insured becomes eligible for Medicare; or
- 5) The insured was divorced from a covered employee and subsequently remarries and is covered under the new spouse's group health plan.

**4.1.2.6.2** COBRA requires that continued coverage may be maintained for 3 years unless group health coverage was lost because of termination of employment or a reduction in hours of



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employment. In these cases, the required continuation coverage period is 18 months. The law also states that, at the end of the 18-month or 3-year period, the insured must be allowed to enroll in an individual conversion plan provided under the regular group health plan. Additional information about COBRA and the rights and responsibilities of employees may be obtained from the Benefits Office.

### 5.0 PROCEDURES

POLICY HISTORY		
Date of Last Action	Action Taken	Authorizing Entity