



COBRA Vermont

Comparison of Federal and Vermont Continuation Laws

	FEDERAL (COBRA)	VERMONT
Covered Employers and Plan Coverage	<p>Group health plans maintained by private-sector employers with 20 or more employees, employee organizations, or state or local governments.</p> <p>Coverage must be identical to that available to similarly situated beneficiaries who are not receiving COBRA coverage under the plan (generally, the same coverage that the qualified beneficiary had immediately before qualifying for continuation coverage).</p>	<p>All group health insurance policies that provide benefits for dental, hospital and medical expenses. Self-insured ERISA plans are not subject to state continuation coverage requirements.</p> <p>Does not cover policies for specific diseases or accidental injuries only.</p>
Qualified Beneficiaries (Employee / Dependents)	<p>An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event.</p> <p>In certain cases, a retired employee, the retired employee's spouse and the retired employee's dependent children may be qualified beneficiaries.</p> <p>In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.</p> <p>Agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.</p>	<p>Any person whose insurance under the group policy would terminate because of the occurrence of a qualifying event.</p> <p>If notice and certification requirements are met, a dependent child is eligible for group coverage past the limiting age if the dependent is:</p> <ul style="list-style-type: none"> • Unmarried; • Incapable of self-sustaining employment by reason of mental or physical disability (if the dependent became incapacitated prior to the limiting age); and • Chiefly dependent upon the employee/member for support and maintenance.



<p>Continuation Period</p>	<p>18 months - COBRA beneficiaries generally are eligible for group coverage during a maximum of 18 months for qualifying events due to employment termination or reduction of hours of work.</p> <p>29 months - Disability can extend the 18-month period of continuation coverage for a qualifying event that is a termination of employment or reduction of hours. If certain requirements are met, the entire family qualifies for an additional 11 months of COBRA continuation coverage. Plans can charge 150% of the premium cost for the extended period of coverage.</p> <p>36 months - Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.</p> <p>36 months - Under COBRA, participants, covered spouses and dependent children may continue their plan coverage when they would otherwise lose coverage due to divorce (or legal separation) for a maximum of 36 months.</p>	<p>18 months</p>
<p>Qualifying Events</p>	<p>Qualifying Events for Employees:</p> <ul style="list-style-type: none"> • Voluntary or involuntary termination of employment for reasons other than gross misconduct (18 months) • Reduction in the number of hours of employment (18 months) <p>Qualifying Events for Spouses:</p> <ul style="list-style-type: none"> • Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct (18 months) • Reduction in the hours worked by the covered employee (18 months) • Covered employee's becoming entitled to Medicare (36 months) • Divorce or legal separation of the covered employee (36 months) • Death of the covered employee (36 months) <p>Qualifying Events for Dependent Children:</p> <ul style="list-style-type: none"> • Loss of dependent child status under the plan rules (36 months) • Voluntary or involuntary termination of 	<p>Qualifying Events for Employees:</p> <ul style="list-style-type: none"> • Loss of employment, including reduction in hours <p>Qualifying Events for Spouses:</p> <ul style="list-style-type: none"> • Divorce, dissolution or legal separation of covered employee from employee's spouse or civil union partner; and • Death of covered employee/member <p>Qualifying Events for Dependent Children:</p> <ul style="list-style-type: none"> • Dependent child ceasing to qualify as dependent child under policy; and • Death of covered employee/member

	<p>the covered employee's employment for any reason other than gross misconduct (18 months)</p> <ul style="list-style-type: none"> • Reduction in the hours worked by the covered employee (18 months) • Covered employee's becoming entitled to Medicare (36 months) • Divorce or legal separation of the covered employee (36 months) • Death of the covered employee (36 months) 	
Eligibility	<p>To be eligible for COBRA coverage, must have been enrolled in employer's health plan before the qualifying event and health plan must continue to be in effect for active employees. COBRA continuation coverage is available upon the occurrence of a qualifying event that would, except for the COBRA continuation coverage, cause an individual to lose his or her health care coverage.</p>	<p>Continuation coverage is NOT available if:</p> <ul style="list-style-type: none"> • The deceased person or employee was not insured under the group policy on the date of the qualifying event; • The person is covered by Medicare; • The person has other group dental or hospital and medical coverage under which the person was not covered prior to the qualifying event and no preexisting condition exclusion applies; or • The person's employment was terminated for misconduct.
Notice Requirements	<p>Health plan administrators must provide an initial general notice when group health coverage begins.</p> <p>When a qualifying event occurs, health plan administrators must provide an election notice regarding rights to COBRA continuation benefits to each qualifying beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>Employers must notify their plan administrators within 30 days after an employee's termination or after a reduction in hours that causes an employee to lose health benefits.</p> <p>The plan administrator must provide notice to individual employees of their right to elect COBRA coverage (election notice) within 14 days after the administrator has received notice from</p>	<p>Notice of continuation and conversion privileges must be included in each certificate of coverage.</p> <p>Notice of continuation privilege must be provided by employer to employee within 30 days following occurrence of any qualifying event.</p> <p>Person electing continuation must make election in writing within 60 days of notification of right to continuation coverage. Initial contribution must accompany notice of election, which must include payment for the period from the qualifying</p>

	<p>the employer.</p> <p>Employee must respond to this notice and elect COBRA coverage by the 60th day after the written notice is sent or the day health care coverage ceased, whichever is later. Otherwise, employee will lose all rights to COBRA benefits.</p> <p>Spouses and dependent children covered under such health plan have independent rights to elect COBRA coverage upon employee's termination or reduction in hours.</p>	<p>event through the end of the month in which election is made.</p>
Termination of Coverage	<p>Coverage begins on the date that coverage would otherwise have been lost by reason of a qualifying event and will end at the end of the maximum period. It may end earlier if:</p> <ul style="list-style-type: none"> • Premiums are not paid on a timely basis. • The employer ceases to maintain any group health plan. • After the COBRA election, coverage is obtained with another employer group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of the beneficiary. However, if other group health coverage is obtained prior to the COBRA election, COBRA coverage may not be discontinued, even if the other coverage continues after the COBRA election. • After the COBRA election, a beneficiary becomes entitled to Medicare benefits. However, if Medicare is obtained prior to COBRA election, COBRA coverage may not be discontinued, even if the other coverage continues after the COBRA election. 	<p>Coverage begins the date that insurance under the policy would have terminated due to a qualifying event and lasts for the 18-month maximum coverage period. It may end earlier if:</p> <ul style="list-style-type: none"> • Payment of contribution is not timely; • Person is covered by Medicare; • Person is covered by any other group insured or uninsured arrangement that provides group dental coverage or hospital and medical coverage under which person was not covered immediately prior to occurrence of qualifying event, and no preexisting condition exclusion applies; or • Group policy is terminated and not replaced.
Conversion Rights	<p>Some plans allow participants and beneficiaries to convert group health coverage to an individual policy. If this option is generally available from the plan, a qualified beneficiary who pays for COBRA coverage must be given the option of converting to an individual policy at the end of the COBRA continuation coverage period. The option must be given to enroll in a conversion health plan within 180 days before COBRA coverage ends. The premium for a conversion policy may be more expensive than the premium of a group plan, and the conversion policy may provide a lower level of coverage. The conversion option, however, is not available if the beneficiary ends COBRA coverage before</p>	<p>Any person whose insurance would terminate because of death or loss of employment of employee or member is entitled to a converted policy, without evidence of insurability. The converted policy must not exclude preexisting conditions covered by the group plan. Written application and first premium payment must be made not later than 30 days prior to date of termination of continuation of group policy.</p>

	reaching the end of the maximum period of COBRA coverage.	<p>A converted policy may not be issued if:</p> <ul style="list-style-type: none"> • Person is not entitled to or failed to elect continuation coverage; • The person is or could be covered by Medicare; • The person is covered for similar benefits by another individual policy; or • The person is or could be covered for similar benefits by reason of state or federal law and, together with converted policy benefits, would result in overinsurance.
Applicable Statutes	IRC § 4980B, ERISA §601 <i>et seq.</i> , 29 CFR §§ 2590.606–1 through 2590.606–4.	Vermont Stats. Annot. Title 8 §§ 4089d, 4090a to 4090e
Government Agency Contact	Departments of Labor and Treasury (private sector plans) and Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the Department of Labor at: www.dol.gov/dol/topic/health-plans/cobra.htm .	Vermont Division of Insurance www.bishca.state.vt.us