



# UNIVERSITY *of* ST. THOMAS

TO: Health Plan Participants (Employees and covered spouses and dependents)

FROM: Benefits Team

RE: COBRA Notice - Benefit Continuation Rights

COBRA continuation coverage is a temporary extension of health plan coverage when coverage would otherwise end because of a life event known as a “qualifying event.” At UST, the COBRA rules are applicable to our medical plans with Blue Cross Blue Shield of Minnesota, our dental plan with Delta Dental, our vision care plan with EyeMed, and our Health Care Flexible Spending Account Plan.

Attached is the COBRA Initial Notice, which lists specific qualifying events, your rights under this law and your obligations. Please review the attached notice carefully and keep with your important records.

The last page of the notice includes contact information, if you have any questions.



UNIVERSITY of ST. THOMAS

**Initial COBRA Notice  
Summary of Rights and Obligations  
Regarding Continuation of Group Health Plan Coverage**

TO: Health Plan Participants of the University of St. Thomas, spouses and dependents  
FROM: Human Resources Dept., Benefits Team  
SUBJECT: Continuation of Coverage under University of St. Thomas Group Health Plans

Federal law requires most employers sponsoring a group health plan to offer employees and their families the opportunity to elect a temporary extension of health coverage (called “continuation coverage” or “COBRA coverage”) in certain instances where coverage under the Plans would otherwise end. The University of St. Thomas (UST) maintains three group health plans that are subject to this Notice: the UST Medical Plan, the UST Dental Plan and the UST Health Care Spending Account Plan. For simplicity, each is referred to in this Notice as the “Plan.” You do not have to show that you are insurable to elect continuation coverage. However, you must pay the entire premium for your continuation coverage. The continuation premium amount includes a 2% administration charge.

This notice is intended only to summarize, as best possible, your rights and obligations under the current law. It is intended that no greater rights be provided than those required by the law. The law, however, is not clear on some points and is interpreted by Federal agencies and the courts. Congress often changes the law. Therefore, this summary is subject to change without notice as interpretations or changes of the law occur. **BOTH YOU (THE EMPLOYEE) AND YOUR SPOUSE SHOULD READ THIS SUMMARY CAREFULLY AND KEEP IT WITH YOUR IMPORTANT RECORDS.**

**OptumHealth Financial Services**

An independent contractor, OptumHealth (formerly ARC), does the administration of COBRA for University of St. Thomas employees. In this document, from this point forward, OptumHealth will be referred to as the COBRA Administrator and the University of St. Thomas will be referred to as the Plan Sponsor or the Employer. After the initial Qualifying Event, OptumHealth will administer COBRA coverage to employees who lose coverage through the Employer due to a qualifying event detailed in the following section. Initial Qualifying Events should be reported to the Plan Sponsor, who is then responsible for reporting it to OptumHealth. OptumHealth will send you, your spouse, or dependents (whichever is applicable) COBRA election notices after the qualifying event has been reported. After COBRA coverage has begun, all communication should be between you and OptumHealth. The University of St. Thomas’ direct contact at OptumHealth is Norma Johnson, and her contact information can be found at the end of this notice for any questions you (the employee), your spouse or dependent children may have regarding your coverage elections.

## Qualifying Events

If you are an EMPLOYEE of the University of St. Thomas covered by the Plan, you have a right to elect this continuation coverage if you lose coverage under the Plan for any one of the following two “qualifying events”:

- A termination of your employment (for reasons other than gross misconduct) with the University of St. Thomas that would cause you to be ineligible for benefits; or
- A reduction in your hours of employment with the University of St. Thomas that would cause you to be ineligible for benefits.

If you are a SPOUSE of an employee of the University of St. Thomas covered by the Plan, you have a right to elect this continuation coverage if you lose coverage under the Plan for any one of the following “qualifying events”:

- The death of your spouse; or
- A termination of your spouse’s employment (for reasons other than gross misconduct) or reduction in your spouse’s hours of employment with the University of St. Thomas that would cause you to be ineligible for benefits; or
- Divorce from your spouse (also, if an employee drops his or her spouse from coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the later divorce will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the administrator within 60 days of divorce and can establish that the coverage was dropped earlier in anticipation of divorce, the COBRA coverage may be available for the period after the divorce or legal separation).

In the case of a DEPENDENT CHILD of an employee covered by the Plan, he or she has the right to elect continuation coverage if benefits coverage under the Plan is lost for any of the following five “qualifying events”:

- The death of the employee parent; or
- The termination of the employee parent’s employment (for reasons other than gross misconduct) or reduction in the employee parent’s hours of employment with the University of St. Thomas that would cause the employee to be ineligible for benefits; or
- Parents’ divorce; or
- The dependent ceases to be a “dependent child” under the Plan.

## Notices and Election

The Plan provides that your spouse's coverage terminates as of the last day of the month in which a divorce occurs. A dependent child's coverage terminates on the last day of the month in which he or she ceases to be an eligible dependent under the Plan (i.e. attainment of a certain age). Under COBRA law, you (the employee) or a family member covered by the Plan has the responsibility to notify the Plan Sponsor about a divorce or a child losing dependent status. You or your family member must provide this notice no later than 60 days after the latest of: (1) the date of the qualifying event; (2) the date coverage would be lost because of the qualifying event; or (3) the date on which you or your family member was informed of the responsibility to provide notice and the procedures for doing so.

*If you, or a family member, fail to provide this notice to the Plan Sponsor during this 60-day notice period, any family member who loses coverage will NOT be offered the option to elect continuation coverage.* Furthermore, if you or a family member fails to notify the Plan Sponsor, and any claims are paid mistakenly for expenses incurred after coverage terminates, then you and your qualifying family members will be required to reimburse the Plan for any claims paid.

If the Plan Sponsor is provided timely notice of a divorce, legal separation, or a child losing dependent status that has caused a loss of coverage, the COBRA Administrator will notify the affected family member of the right to elect continuation coverage.

You (the employee) or your qualifying family member(s) must elect continuation coverage within 60 days after the Plan coverage ends, or, if later, 60 days after the COBRA Administrator sends you or your family member notice of the right to elect continuation coverage. *If you or your qualifying family member(s) do not elect continuation coverage within this 60-day election period, you will lose your right to elect continuation coverage.* Your (or your qualifying family member's) election, as long as it is made within the 60-day time frame, is effective the first day after the loss of coverage, and you will be responsible for premium payment back to that date. A COBRA election mailed to the COBRA Administrator is considered made on the date of mailing.

A covered employee or the spouse of the covered employee may elect continuation coverage for all qualifying family members. The covered employee, and his or her spouse and dependent children each have an independent right to elect continuation coverage. Thus, a spouse or dependent child may elect continuation coverage even if the covered employee does not elect it.

You or your qualifying family member(s) can elect continuation coverage even if you or the family member(s), at the time you or the family member(s) elect continuation coverage, are covered under another employer-sponsored group health plan or are entitled to Medicare, at the time you become ineligible for the university health plans.

## Type of Coverage; Premium Payments

Ordinarily, the continuation coverage that is offered will be the same coverage that you, your spouse or dependent children had on the day before the qualifying event. Therefore, a person (employee, spouse or dependent child) who is not covered under the Plan on the day before the qualifying event is generally not entitled to COBRA coverage except, for example, where there is no coverage because it was eliminated in anticipation of a qualifying event like divorce. If the coverage for similarly situated employees or their family member(s) is modified, COBRA coverage will be modified the same way.

If you are covered by the Medical Plan, the Dental Plan and/or the Health Care Spending Account Plan, you may elect COBRA coverage under one Plan, two Plans, or all three Plans.

You (or your spouse or dependent children) may elect to continue the Health Care Flexible Spending Account under COBRA, but only if you have a positive account balance (i.e., year-to-date contributions exceed year-to-date claims) on the day before the date of the qualifying event (taking into account all claims submitted on or before that date). If you are eligible for COBRA coverage under the Health Care FSA, that coverage will continue only for the remainder of the Plan year in which your qualifying event occurred.

The premium payments for the “initial premium months” must be paid for by you (the employee) and any qualifying family member by the 45<sup>th</sup> day after electing continuation coverage. The initial premium months are the months that end on or before the 45<sup>th</sup> day after the date of the COBRA election. All other premiums are due on the 1<sup>st</sup> of the month for which the premium is paid, subject to a 30-day grace period.

OptumHealth will send out coupons and reminder letters dated for the initial payments, with blank coupons for you to insert date and send in with payment. **Failure to make these payments on a timely basis will result in termination of coverage. A premium payment is considered “made” on the date it is sent.** If you don’t make the full premium payment by the due date or within the 30-day grace period, then COBRA coverage will be canceled retroactively to the 1<sup>st</sup> of the month, with no possibility of reinstatement.

## Maximum Coverage Periods

**36 months.** If a spouse or dependent child loses group health coverage because of the employee’s death or divorce, or because you lose your status as a dependent under the Plan, the maximum coverage period (for spouse and dependent child) is 36 months from the date of the qualifying event.

**18 months.** If you (the employee) and/or spouse or dependent child loses group health coverage because of the employee’s termination of employment (other than for gross misconduct) or reduction in hours, the maximum continuation coverage period (for the employee, spouse and dependent child) is 18 months from the date of termination or reduction in hours. There are four exceptions:

- If an employee or family member covered by the Plan is disabled at the time of the qualifying event or at any time during the first 60 days of continuation coverage (running from the date of termination of employment or reduction in hours), the continuation coverage period for all qualified beneficiaries under the qualifying event is 29 months from the date of termination or reduction in hours. The Social Security Administration must formally determine under Title II (Old Age, Survivors, and Disability Insurance) or Title XVI (Supplemental Security Income) or the Social Security Act that disability exists and when it began. During the 11 additional months of continuation coverage, the continuation premium will be 150% of the cost to the Plan to provide such coverage. For the 29-month continuation coverage period to apply, notice of the determination of disability under the Social Security Act must be provided to the Employer or the COBRA Administrator both within the 18-month coverage period **and** within 60 days after the latest of: (1) the date of the determination; (2) the date of the qualifying event; (3) the date coverage would be lost because of the qualifying event; or (4) the date on which the employee or family member was informed of the responsibility to provide notice and the procedures for doing so.
- If a second qualifying event occurs (for example, the employee dies or becomes divorced) within an 18-month or 29 month coverage period, the maximum coverage period becomes 36 months from the date of the initial termination or reduction in hours.
- If the termination or reduction in hours occurs within 18 months after the employee becomes entitled to (actually covered by) Medicare, the maximum coverage period for the spouse and dependent child ends three years from the date the employee becomes entitled to Medicare.
- If, during the period of continuation coverage, a child is born, adopted or placed for adoption with the covered employee and the covered employee has elected continuation coverage for himself or herself, the child is considered a qualified beneficiary. The covered employee or guardian has the right to elect continuation coverage for the child, provided the child satisfies the otherwise applicable plan eligibility requirements. The covered employee or a family member must notify the COBRA Administrator within 30 days of the birth, adoption or placement to enroll the child on COBRA, and COBRA coverage will last as long as it lasts for other family members of the employee. (The 30-day period is the Plan's normal enrollment window for newborn children, adopted children or children placed for adoption.) If the covered employee or family member fails to notify the COBRA Administrator in a timely fashion, the covered employee will NOT be offered the option to elect COBRA coverage for the child.

## **Open Enrollment-HIPPA Special Enrollment Rights and QMCSO**

Qualified beneficiaries who have elected COBRA will be given the same opportunity available to similarly situated active employees to change their coverage options or to add or eliminate dependents at annual enrollment.

In addition, the Health Insurance Portability and Accountability Act's (HIPAA) special enrollment rights will apply to those who have elected COBRA. HIPAA, a federal law that gives a person already on COBRA certain rights to add coverage for dependents if such person acquires a new dependent (through marriage, birth, adoption or placement for adoption), or if an eligible dependent declines coverage because of other coverage and later loses such coverage due to certain qualifying reasons. Except for certain children described above under "Maximum Coverage Periods", dependents who are enrolled in a special enrollment period or open enrollment period do not become qualified beneficiaries-their coverage will end at the same time that coverage ends for the person who elected COBRA and later added them as dependents.

A child of yours (the employee's), who is receiving benefits of the Plan Sponsor under the Plan pursuant to a Qualified Medical Child Support Order (QMCSO) during your (the employee's) period of employment with the University of St. Thomas, is entitled to the same rights under COBRA as a dependent child of yours, regardless of whether that child would otherwise be considered your dependent.

## **Termination Before the End of Maximum Coverage Period**

The continuation coverage of the employee, spouse and/or dependent child will automatically terminate (before the end of the maximum coverage period) when any one of the following six events occurs:

- The first day of the month for which the COBRA premium is not timely paid; or
- The Employer no longer provides group health coverage to any of its employees; or
- After electing COBRA, you (employee, spouse or dependent child) become entitled (eligible and enrolled) to Medicare, you lose COBRA coverage on the date of Medicare entitlement (applies only to the person who becomes entitled to Medicare). (Note that you must notify the Plan Sponsor immediately if you or your spouse or dependent child becomes enrolled in Medicare.); or

- You become covered under another group health plan (as an employee or otherwise), which does not contain any exclusion or limitation with respect to any preexisting condition. If the other plan has applicable exclusion or limitations, then your COBRA coverage will terminate after the exclusion or limitation no longer applies (for example, after a 12-month preexisting condition waiting period expires). This rule applies only to the qualified beneficiary who becomes covered by another group health plan. (Note that under HIPAA, an exclusion or limitation of the other group health plan might not apply at all to the qualified beneficiary, depending on the length of his or her creditable health plan coverage prior to enrolling in the other group health plan.) (Note that you must notify the Plan Sponsor immediately if you or your spouse or dependent child becomes enrolled in another group health plan.); or
- If you (employee, spouse or dependent child) became entitled to a 29-month maximum coverage period due to disability of a qualified beneficiary, but then there is a final determination under Title II or XVI of the Social Security Act that the qualified beneficiary is no longer disabled (however, continuation coverage will not end until the month that begins more than 30 days after the determination or, if later, the expiration of the initial 18-month continuation period). (Note that you must notify the Plan Sponsor immediately if the disabled qualified beneficiary receives a final determination that he/she is no longer disabled.); or
- Occurrence of any event (e.g., submission of fraudulent benefit claims) that permits termination of coverage for cause with respect to covered employees or their spouses or dependent children who have coverage under the Plan for a reason other than the COBRA coverage requirements of Federal law.

## **Conversion**

At the end of the maximum coverage period (described above), you will be allowed to enroll in an individual conversion medical plan. At this time Blue Cross Blue Shield of Minnesota (UST Medical COBRA Administrator) is the only health plan that offers a conversion option. Please note that Delta Dental does not offer this conversion option and there is no conversion option under the health care spending account.

### **Additional Information Regarding the UST Health Care Spending Accounts**

The monthly COBRA premium for coverage under the Health Care Spending Account is 102% of the monthly premium the employee was paying before the date of the Qualifying Event (normally, the annual Health Care Spending Account coverage amount divided by 12). The premium must be paid by check, with after-tax dollars. COBRA coverage will consist of the Health Care Spending Account coverage you had before the qualifying event (with the annual limit you had). Unless otherwise elected, the spouse and dependents of the elected Qualified Beneficiary will be covered under COBRA along with the elected Qualified Beneficiary, provided that all such persons are listed on the COBRA Election Form. (Each beneficiary has separate election rights and could alternatively elect separate COBRA coverage to cover that beneficiary only, with a separate Health Care Spending Account annual limit and a separate premium). This continuation coverage is only available for the remainder of the current plan year.

### **Life Insurance Continuation**

While life insurance is not covered by the COBRA rules, the state of Minnesota has laws that allow you to continue your life insurance coverage. Our carrier, UNUM Provident, also allows you the option to “port” or “convert” your coverage. OptumHealth will also mail information about this option.

### **Uniformed Services Employment and Reemployment Rights Act (“USERRA”).**

Employees covered by the group health plans described above who are absent from employment due to military service have additional rights to continue coverage for themselves, their spouses and dependents under USERRA. Generally, the rights to continuation coverage provided under USERRA are similar to the rights provided by COBRA. If you are covered by USERRA, you will receive additional information at the time of a qualifying event.

### **You Must Notify Us About Address, Marital Status, Dependent Status and Disability Status Changes**

If you or your spouse have an address change, you must promptly notify the Plan Sponsor in writing. Also, if your marital status changes or if a dependent ceases to be a dependent eligible for coverage under the Plan terms, you or your spouse or dependent must notify us in writing. In addition, you must notify us if a disabled employee or family member is determined to be no longer disabled.

## Other Information

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

The following contacts can also be used for any questions you may have. Contact the Plan Sponsor with a qualifying event, and contact either the Plan Sponsor or the COBRA Administrator with questions about COBRA coverage. Also, please contact the Plan Sponsor if you wish to receive the most recent copy of the Plan's Summary Plan Description, which contains important information about Plan benefits, eligibility, exclusions and limitations.

### **UST (Plan Sponsor)**

Becky James, Benefits Technician  
651-962-6497  
[jame7033@stthomas.edu](mailto:jame7033@stthomas.edu)

### **OptumHealth (COBRA Administrator)**

Norma Johnson  
763-421-5510 (ask for Norma)  
[Normaj@optumhealthfinancial.com](mailto:Normaj@optumhealthfinancial.com)