



COBRA

RHODE ISLAND

Comparison of Federal and Rhode Island Continuation Laws

	FEDERAL (COBRA)	RHODE ISLAND
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 which is 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>Each group hospital, surgical, dental, vision or medical insurance plan must provide continuation coverage to the employee, the employee's spouse and any dependent children of the employee.</p> <p>Coverage must be at the same monthly premium rate for the group in which the employee was a member, or at the monthly premium rate in effect prior to the employee's termination.</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>Individual covered by a group health plan on the day before the qualifying event – either the employee, the employee's spouse or the employee's dependent child.</p> <p>Exceptions apply for individuals employed in the construction industry and their employers.</p>
Continuation Period	<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</p>	<p>18 months – If the employee has been employed longer than 18 months, then that individual and his or her dependents may receive up to 18 months of continuation coverage.</p> <p>Varied – If an employee has been employed less than 18 months, then the continuation coverage may not exceed the number of months he or she was employed.</p> <p>Indefinite – Covered spouses must be allowed to continue coverage without an increase in</p>

	<p>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>premium after a divorce from the covered employee for as long as the employee is covered by the plan, unless:</p> <ul style="list-style-type: none"> • Either party remarries; • The court sets a termination date; or • The individual becomes eligible for coverage under a comparable plan.
<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 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) 	<p>Qualifying Events for Employees and Dependent Children:</p> <ul style="list-style-type: none"> • Involuntary layoff, death of the employee, workplace ceases to exist or a permanent reduction in the size of the workforce (up to 18 months) <p>Qualifying Events for Spouses:</p> <ul style="list-style-type: none"> • Involuntary layoff, death of the employee, workplace ceases to exist or a permanent reduction in the size of the workforce (up to 18 months) • Divorce – Covered spouses must be allowed to continue coverage without an increase in premium after a divorce from the covered employee (for as long as the employee is covered by the plan) unless: <ul style="list-style-type: none"> ○ Either former spouse remarries; ○ A termination date is reached that was set by the court; or ○ The individual with continuation coverage becomes eligible for a comparable plan through his/her own employer

	<ul style="list-style-type: none"> • Death of the covered employee (36 months) 	
Eligibility	<p>To be eligible for COBRA coverage, the employee must have been enrolled in employer's health plan when employed 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>To be eligible for 18 months of continuation coverage, the employee must have been employed for at least 18 months.</p> <p>For employees employed less than 18 months, the amount of continuation coverage is commensurate to the number of months worked prior to the qualifying event.</p>
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 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>Employers are required to post a "conspicuous notice" informing employees of their continuation coverage options.</p> <p>Individuals must apply for continuation coverage and pay the first premium within 30 days of the qualifying event.</p> <p>Premiums may not exceed those of active employees and should be remitted to the employer, if the employer has more than 50 employees. For employers with 50 or fewer employees, payment should go directly to the insurer.</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 	<p>Coverage begins on the date that coverage would otherwise have been lost by reason of a qualifying event and ends at the end of the maximum period. It may end earlier if the individual becomes employed by another group and is eligible for benefits under another group plan.</p> <p>For individuals receiving continuation coverage as a result</p>

	<p>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; or</p> <ul style="list-style-type: none"> • 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>of divorce, the coverage begins on the date that coverage would have otherwise been lost. Coverage continues for as long as the employee is covered by the plan, but may end earlier if:</p> <ul style="list-style-type: none"> • Either former spouse remarries; • A termination date is reached that was set by the court; or • The individual with continuation coverage becomes eligible for a comparable plan through his/her own employer.
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 reaching the end of the maximum period of COBRA coverage.</p>	<p>Individuals who lose coverage as a result of remarriage must be allowed to convert coverage to an individual policy within 30 days of the end of continuation coverage.</p> <p>Upon termination of extended coverage period, the qualified member, surviving spouse of deceased member and any other dependent of the member who was covered shall be entitled to exercise any option provided by the group health plan to elect a converted policy.</p>
Applicable Statutes	<p>IRC § 4980B, ERISA §601 <i>et seq.</i></p>	<p>R.I.S.A. §§ 27-19.1-1, 27-20.4-1, 27-20.4-2, 27-20-45</p>
Government Agency Contact	<p>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.</p>	<p>Office of the Health Insurance Commissioner 401-222-5466 Healthinsuranceinquiry@ohic.ri.gov</p>

This Chart is provided to you for general informational purposes only. It broadly summarizes state and federal statutes, but does not include references to other legal resources (for example, supporting regulations or formal or informal opinions of state offices of commissioners of insurance) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plans.

© 2007-2014 Zywave, Inc. Images © 2000 Getty Images, Inc. All rights reserved.

(8/06;KP 3/14)