

PENNSYLVANIA MINI-COBRA

For Small Employer Group Health Policies (effective July 10, 2009)

PA Mini-COBRA applies to employers that normally employed between 2 and 19 employees on a typical business day during the preceding year. The Act provides that if an employer sponsors a group policy that provides medical or hospital benefits in effect on or after July 10, 2009, employees and their eligible dependents whose coverage under the group policy would otherwise terminate because of a qualifying event shall be entitled to continue those benefits under the group policy for up to nine (9) months. Continuation coverage will be effective as of the date of the qualifying event and will be the same as the coverage in effect at the time of the qualifying event.

Eligibility

- The Employee/eligible dependents must have been continuously insured under the group policy during the entire three month period ending with the qualifying event.
- Continuation is not available for any person covered under the group policy who:
 - is covered or is eligible for coverage under Medicare;
 - fails to verify that he/she is ineligible for another group health insurance plan; or
 - is or could be covered by any other insured or uninsured arrangement that provides hospital, surgical or major medical coverage for individuals in a group and under which the person was not covered immediately prior to the qualifying event. Excludes the Public Welfare Code, Children's Health Care Program, and the adult basic coverage insurance program known as the Tobacco Settlement Act.
- An eligible dependent is any other individual who on the day before the qualifying event for that employee is a beneficiary of the plan as the spouse of the covered employee or the dependent child of the employee. Domestic partners are not included.

Eligible Coverage

A group policy includes any group health insurance policy, subscriber contract, certificate or plan that provides health or sickness and accident coverage.

Does not include: a dental only or vision only policy, workers' compensation policy, an accident only policy, credit only policy, a long-term care or disability income policy, a specified disease policy, Medicare supplement policy, a Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) supplement policy, a fixed indemnity policy, an automobile medical payment policy, or any other similar policy providing for limited benefits.

Qualifying Events

- Death of a covered employee.
- Termination, other than by reason of the employee's gross misconduct.
- Reduction of hours of the covered employee's employment.
- Divorce or legal separation of the covered employee from an eligible dependent.
- The covered employee becoming entitled to Medicare.
- A dependent child ceasing to be a dependent child under the generally requirements of the plan.

Notification Requirements

1. Initial notice of these rights must be provided to the employee/eligible dependents within 45 days of the enactment of the Act or within 45 days of becoming covered by benefits under the group plan.
2. The employer of a covered employee must send a qualifying event notice to the covered employee/eligible dependents within 30 days of the qualifying event and must notify the insurer that a qualifying event has occurred.
3. Each covered employee or eligible dependent will notify the employer of an election of continuation coverage within 30 days of the qualifying event notice provided by the employer.
4. The employer must notify the insurer of an election of continuation coverage within 14 days of the election.

Payment

- The covered employee or eligible dependent must make premium payments to the employer on a monthly basis.
- The employer may charge up to 105% of the total premium.
- Employers are not required to contribute to the deductible of the employee holding an HSA or other medical spending account as a component of the group policy after the termination date as long as scheduled payments have been made.

Termination of coverage

Continuation of coverage will terminate at the earliest of:

- The covered individual ceasing to meet the eligibility requirements. The covered individual must notify the employer within 14 days of ceasing to be eligible.
- 9 months after coverage would have ended due to the qualifying event.
- The covered individual fails to make timely payment of a premium (coverage ends in this situation at the end of the period for which payments were made).
- The group policy is terminated.

Conversion Rights- A covered employee is entitled to obtain a conversion policy that starts upon the termination of the continuation coverage. The conversion coverage may not be conditioned upon or discriminated on the basis of lack of evidence of insurability.

The American Recovery and Reinvestment Act of 2009 (ARRA)

In the case of a qualifying event based on involuntary termination of employment occurring on or after July 10, 2009 and before January 1, 2010, as specified by ARRA, a covered employee or eligible dependent shall be entitled to premium assistance as required by ARRA.