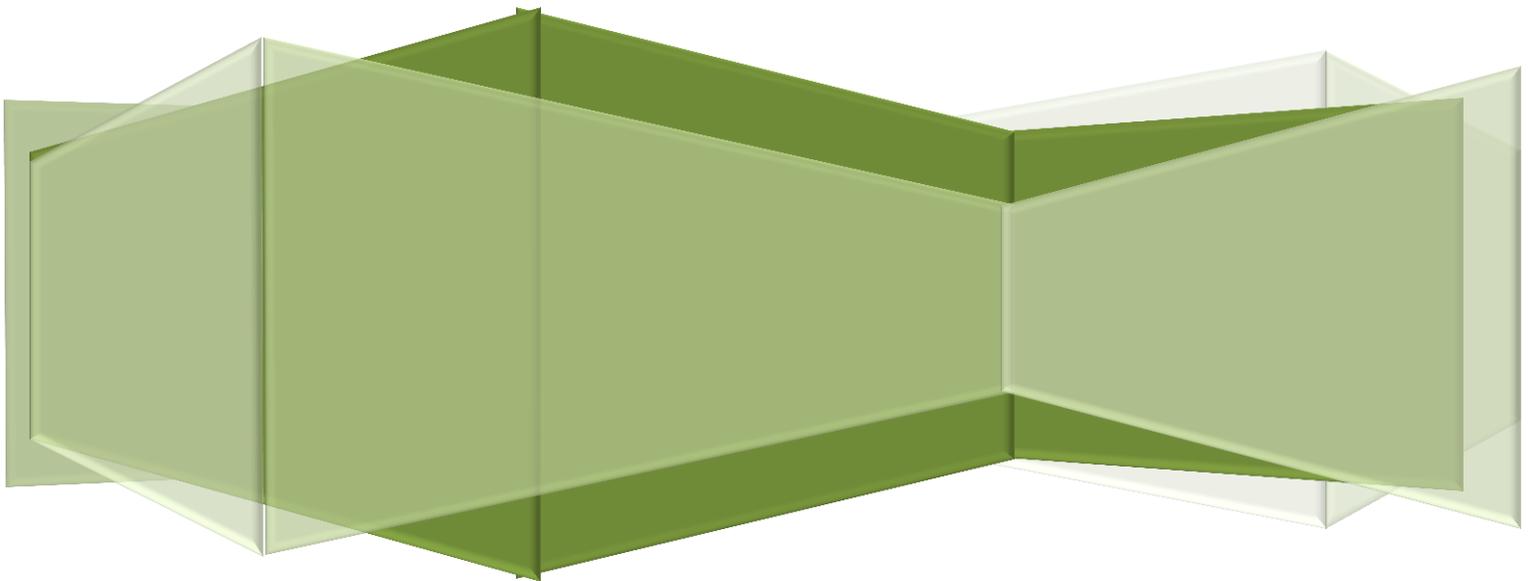




VERMONT DEPARTMENT OF FINANCIAL REGULATION

# **Continuation of Coverage**

## **Vermont Consumer Handbook**



## **OTHER FORMATS FOR THIS PUBLICATION**

This publication is also available on the Department's website at [www.dfr.vermont.gov](http://www.dfr.vermont.gov) using the "Consumer Information" link.

To speak with a consumer service specialist call 1-800-964-1784.

Persons with hearing impairments may contact the Vermont Relay Service at 1-800-253-0191 (TTY), or 1-800-253-0195 (voice).

Persons with reading or visual impairments may contact the Vermont Association for the Blind and Visually Impaired (VABVI) at:

1-877-350-8840 Brattleboro

1-877-350-8838 Montpelier

1-877-350-8839 Rutland

1-800-639-5861 South Burlington

## Introduction

You and your family have protections allowing you to temporarily continue group health coverage that otherwise might be terminated because of changes in your work or family lives, such as losing your job.

As long as your employer continues to offer a group health plan, you can retain your group health coverage for a limited period of time by paying for the premiums.

If you decide to continue coverage, it is important to understand that your health insurance coverage will likely be more expensive than health coverage for active employees, since the employer usually pays part of the premium for active employees. You may have to pay up to 102% of the entire premium, which includes a two percent (2%) administrative fee.

This publication summarizes continuation of coverage protections:

- COBRA generally requires that employers with 20 or more employees provide coverage options.
- Vermont's Continuation of Coverage law, which applies to Vermont private employers with fewer than 20 employees.

## Vermont's Continuation of Coverage Law

Vermont requires that private employers of any size who sponsor a group health plan, but are not eligible for COBRA, to provide some form of continuation of coverage. Under Vermont law, if a covered employee loses group and/or dental health insurance coverage because of a “qualifying event”, they can choose to continue the same group health and dental benefits, *at their own cost*, for a limited period of time. Family members covered by the policy may also qualify for continuation of coverage.

The following may be qualifying events if they cause covered employees and/or their dependents to lose coverage:

- Loss of employment, including a reduction of hours resulting in ineligibility for employer-sponsored coverage;
- Divorce, civil union dissolution, or legal separation resulting in a loss of coverage for a covered employee’s spouse or civil union partner;
- A child no longer qualifying as a dependent child under the plan rules (e.g. – due to the child’s age), or
- Death of the covered employee, which causes dependents to lose coverage.

## **Frequently Asked Questions About Vermont's Continuation of Coverage Law**

### **Am I eligible for Vermont Continuation of Coverage?**

A group health insurance plan is required to offer continuation of coverage to any person whose insurance under a group health insurance plan is terminating because of a qualifying event.

However, if you are covered under another group health insurance plan (perhaps through a spouse or Medicare) you may not be eligible for Vermont Continuation of Coverage. If your job ended because of your misconduct, you will not be eligible for Vermont Continuation of Coverage.

### **Do I have to choose to continue my coverage the day I lose my job?**

No. Your employer will notify you about your continuation of coverage rights within 30 days following the occurrence of any qualifying event. You will have up to 60 days to notify the insurer in writing if you want to continue your coverage.

### **Must I choose Vermont Continuation of Coverage?**

No.

### **To whom do I make premium payments?**

Your initial premium payment must be paid to the insurance company or its agent within 60 days after you receive notice that you have a right to continue coverage. After that, premiums are paid monthly to the company in advance of each month's coverage. The insurance company can charge a 2% administrator's fee in addition to the premium.

### **How long can I continue health insurance coverage through the employer's group plan?**

Generally, continuation of coverage lasts for 18 months.

Continuation of coverage could end sooner, under the following circumstances:

- You don't pay your premiums on a timely basis.
- Your employer ceases to maintain any group health insurance plan.
- You obtain coverage with another employer's group health insurance plan that does not contain any exclusion or limitation for pre-existing conditions.
- You become entitled to Medicare benefits.

### **Do I have other health insurance options?**

Yes. In 2006 Vermont passed health care reform legislation that created access to affordable individual health insurance for qualified Vermonters who do not have access to employer insurance and do not qualify for other state sponsored health programs such as the Vermont Health Access Plan (VHAP) or Dr. Dynasaur. Called Catamount Health, this new health insurance is available through private health insurers and includes Premium Assistance and Employer-Sponsored Insurance (ESI) Premium Assistance for eligible individuals. Additional information about Catamount Health can be found in the Department's publication: "[Shopping for Catamount Health Insurance](#)" or at the following website: [www.greenmountaincare.org](http://www.greenmountaincare.org).

## **Continuation of Coverage Under the Consolidated Omnibus Budget Reconciliation Act (COBRA)**

COBRA is a federal law that provides certain former employees and retirees of employers with 20 or more employees (with the exception of the federal government and some employers, already having their own continuation of coverage plan) the right to temporary continuation of health insurance coverage at group rates. This continuation of coverage may also extend to qualified spouses, former spouses, dependent children, and other dependents. However, it is only available when coverage is lost due to certain qualifying events, similar to the qualifying events for Vermont Continuation of Coverage described on page 4 of this handbook.

Generally, COBRA lasts for up to 18 months, but may be extended under some limited situations. A group health insurance plan may provide longer periods of coverage.

### **Who Is Entitled to Continuation Coverage?**

There are three basic requirements that must be met in order for you to be entitled to elect COBRA continuation coverage:

- Your group health plan must be **covered** by COBRA.
- You must have experienced a **qualifying event**.
- You must be a **qualified beneficiary** for that event.

## Where to Get Help

For more information about COBRA or Vermont continuation of coverage, contact:

Agency Name	Phone Number
U.S. Department of Labor	617-624-6690 TTY: 202-501-3911 <a href="http://www.dol.gov/COBRA">www.dol.gov/COBRA</a>
The Centers for Medicare & Medicaid Services	<a href="http://www.cms.hhs.gov/cobracontinuationofcov/">www.cms.hhs.gov/cobracontinuationofcov/</a>
Vermont Department of Financial Regulation	1-800- 964-1784 (toll-free) 802-828-3302 Website: <a href="http://www.dfr.vermont.gov">www.dfr.vermont.gov</a>

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