

POLICY MANUAL

BENEFITS

Number 3106

Subject: Continuation of Insurance Coverage

Covered Employees: Benefit Eligible Employees

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Previous USU Policy #: 347: Continuation of Insurance Coverage

3106.1 POLICY

Employees and eligible dependents may continue insurance coverage beyond the end of employment with Utah State University or while on leave without pay under the qualifying circumstances outlined in this policy.

1.1 Government-mandated Continuation of University Group Medical and Dental Coverage, and Health Care Flexible Spending Account Benefit

In accordance with the Continuation of Health Insurance Coverage Act, which is outlined in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), University employees and their covered dependents (i.e., qualified beneficiaries) may continue health, dental, and health care flexible spending account coverage at their own expense after they lose eligibility due to a qualifying event. A qualifying event may be one or more of the following:

(1) For employees:

(a) Termination of employment, either through resignation, retirement, or dismissal (except in the case of gross misconduct).

(b) Loss of coverage due to a reduction in the number of hours worked, including leave without pay.

(c) Eligibility for Medicare benefits.

(d) Disability.

(2) For spouse/dependents:

(a) Loss of coverage due to the employee's termination of employment or reduction in the number of hours worked.

(b) Death of the employee.

(c) Disability of the employee.

(d) Divorce or legal separation from the employee.

(e) The employee becomes eligible for Medicare.

(f) Loss of dependent child status (e.g. children who reach the maximum age limit under the plan or who marry while still under dependent child status).

If benefits are lost due to termination or reduction in hours, the employee and his/her dependents have continued coverage available to them for a period of 18 months, except as provided below for termination due to retirement.

The duration of continued coverage which is made available for all other qualifying events is 36 months, except as provided below for the death of an employee.

The duration of continued coverage for retirees (policy 3112.3.1) of the University and their spouses may extend from the time University group coverage ceases beyond the required COBRA timelines until the individuals are age 65 and eligible for Medicare. The COBRA eligibility period will be 36 months from the date of the initial qualifying event for retirees, spouses of retirees and their dependent children. Dependent children of retirees will be covered up to age 26, as long as they continue to meet all other eligibility requirements, or up to the time the continued coverage for the retiree and/or the retiree's spouse ends, whichever occurs first. The initial qualifying COBRA date for retirees who separate under the provisions of the Early Retirement Policy 3113 will be the day early retirement begins. The University will pay COBRA premiums for the early retiree for the duration of insurance eligibility under policy 3113. All other premiums for continuation of insurance will be paid by the retiree and/or spouse.

The duration of continued coverage for surviving spouses of employees who die while in a benefit eligible position with the University and who had completed five continuous years of service, may extend from the time University group coverage ceases (see Section 1.2 below) beyond the required COBRA timelines until the spouse remarries or reaches age 65 and eligibility for Medicare. The COBRA eligibility period will be 36 months from the date of the initial qualifying event. Dependent children of retirees will be covered up to age 26 as long as they continue to meet all other eligibility requirements, or up to the time the extended coverage for the spouse ends, whichever occurs first. All premiums for continued coverage for the initial COBRA period and for extended coverage as provided above will be paid by the participant.

(3) Election/Notification

University employees have a certain period of time in which to elect continued coverage. If the employee does not elect continued coverage during this period, or if they give up their right to continued coverage, their decision is considered final. The employee will not have another opportunity to elect coverage.

The Office of Human Resources will notify the employee or his/her beneficiaries of the right to continue coverage under these provisions if regular coverage would otherwise end because active employment ends, the employee retires, becomes entitled to receive Medicare benefits, has a reduction in hours, or dies. The employee or beneficiaries have 60 days from that notification or the date of the event (whichever is later) to elect continued coverage.

The employee or his/her covered dependent(s) must notify the Office of Human Resources within 60 days of qualifying for the event if eligibility ends due to a divorce, legal separation, or the employee's covered dependent loses dependent status under a plan. Within 14 days after the employee notifies the Office of Human Resources, the employee or covered dependent will be notified by the medical insurance plan administrator of his/her right to continued coverage. The employee will then have 60 days from notification by the Office of Human Resources to elect continued coverage.

Complete details regarding the continued coverage, and the employee's, spouse's, and dependent's rights, responsibilities, premium charges, enrollment procedures, and when coverage ends are available from the Office of Human Resources.

1.2 Special Death Benefit

Medical and dental benefits with the portion of the premiums paid by the University at the level prescribed for other similarly situated employees will be continued to the dependents of a deceased employee until the last day of the month *following* the month of death.

1.3 Continuation of Life and Short- and Long-Term Disability Insurance While on a Leave Without Pay (LWOP)

An employee on LWOP for a period of at least one month but no greater than one year may continue his or her life and short- and/or long-term disability insurance coverage by paying the appropriate premium(s) to the Office of Human Resources.

Continuation of life and short- and/or long-term disability insurance for periods of LWOP longer than one year is not available.

1.4 Termination of Insurance Coverage

Employee participation in group medical, dental, life, and disability insurance programs ends when a terminating event occurs. Insurance coverages end on the 15th day of the month when an employee terminates on or before the 15th day of the month, and end on the last day of the month if the employee terminates after the 15th day of the month, except as otherwise provided by policy or special agreement authorized by the University President.

Terminating events include termination of employment (voluntary or involuntary), regular retirement, early retirement (except for medical and dental), leave without pay, or any status change which makes the individual ineligible for coverage under the contract provisions of the insurance plans.

3106.2 DEFINITION

2.1 Qualified Beneficiary

The employee or any individual covered under the University benefit plans at the time of a qualifying event.

3106.3 RESPONSIBILITY

3.1 Office of Human Resources

Responsible to provide information necessary to assist an employee in analyzing his/her available options regarding his or her medical, dental, and FSA coverages when faced with a qualifying event.

3.2 Employee

Responsible for notifying the Office of Human Resources in writing if they, or a dependent, have experienced a qualifying event other than termination, retirement, or a reduction in hours.