

Handbook for Laid-Off School Employees

II. Continuation of Health Benefits

If you have been laid off from employment in which you participated in the employer's group health benefit plan, you are eligible to continue your health benefits under COBRA. The federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires employers to notify you if your health benefits are to be terminated. The law also provides for laid off employees to continue to participate in the group health plan for up to 18 months. Below are some key points to keep in mind when considering health benefits after a lay off:

- Your employer will notify you in writing of your options for COBRA coverage of health benefits. Be sure your mailing address is up to date with your current employer.
- Laid off employees have 60 days from the date of notification to elect continuing coverage. The COBRA coverage is retroactive to the last day of employment so there are no gaps in coverage.
- If your spouse has access to health insurance through his or her employer, you would likely be able to go onto that plan as a result of the qualifying event of losing your own coverage. Typically, benefit plans only permit changes to your coverage within 30 days of qualifying events or during the open enrollment period. The loss of employment is a qualifying event for most insurance companies.
- Should you elect COBRA coverage from your current employer, you will most likely be required to pay the full amount of the monthly premium. To cover administrative costs, employers may charge up to 102 percent of the actual premium for the coverage. You are typically required to make payments directly to your former employer.
- Depending on your age and general health status, it might be cheaper to seek your own health benefits through one of the insurance carriers in the state such as Anthem or Harvard Pilgrim. You can find out about individual coverage at their Web sites or by calling their offices.
- The American Recovery and Reinvestment Act (ARRA) of 2009 provides for limited premium reductions and "additional election opportunities" for health benefits as part of COBRA coverage.

The premium reduction is available to someone who:

"Is eligible for COBRA continuation coverage at any time between September 1, 2008 and December 31, 2009, elects COBRA coverage; and is eligible for COBRA as a result of the employee's involuntary termination between September 1, 2008 and December 31, 2009."

(Source: US Dept. of Labor Web site)

The premium reduction assistance equals 65 percent of the premium cost, which is reimbursed to the employer. This means the eligible employee would pay 35 percent of the premium cost. However this reduction is only available for a period of 9 months beginning on or after February 17, 2009.

The additional election opportunity is available to individuals who were involuntarily terminated from September 1, 2008 through February 16, 2009 and who either did not elect COBRA coverage, or elected it then dropped coverage. These individuals have a special period to enroll in COBRA coverage beginning February 17, 2009 and which ends 60 days after the benefits plan provides the required notice. Employers are required to locate such employees and provide said notification.

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