



GENERAL COBRA GUIDELINES

These guidelines provide the process BEST Life uses to comply with Federal and State law to administer continuation coverage for employees and dependents that qualify. This document is not intended to provide legal or compliance advice.

What is COBRA?

The Consolidated Omnibus Budget Reconciliation Act, Public Law 99-272 ("COBRA") is a federal law that requires employers of a qualifying group size to offer employees and dependents the continuation of medical, dental, and vision benefits after the occurrence of a qualifying event (i.e. termination of employment, a divorce, a death, etc.).

While the term "COBRA" refers to the federal law, there are state laws that also require continuation of coverage. Many of these state laws may apply to employers that do not qualify for federal COBRA.

Qualifying employers are required by federal and/or state law to notify their employees of their rights to enroll in COBRA plans. Some employers may outsource this function to a Third-Party Administrator (TPA).

What is State Continuation?

If an employer is not eligible for Federal COBRA then State Continuation may apply. State laws vary from state to state and not every state has a continuation law.

Continuation coverage also varies; some states allow continuation of all coverages while others allow the continuation of medical coverage only. Other restrictions may apply, such as the length of previous coverage required under the group plan.

Which employers qualify for COBRA?

Employers that offer employees health coverage, and employed 20 or more employees 50% of the time during the preceding calendar year, must comply with Federal COBRA.

Groups that are not Federal COBRA eligible may be required to provide continuation coverage under State Laws. In California this is called Cal-COBRA. A general reference guide of states is provided at the end of this document.

Who qualifies for COBRA?

Employees or dependents that lose coverage due to a COBRA Qualifying Event are entitled to continue their coverage through COBRA. Under Federal COBRA and State Continuations, premiums are billed through the employer. Under Cal-COBRA, the member is billed directly.

Which events qualify an employee or dependent for COBRA?

Qualifying Events include:

- Termination of Employment
- Reduction in Work Hours
- Divorce/Legal Separation
- Termination of Dependent Child Status
- Death of Employee

What are the steps to enroll qualifying individuals onto a BEST Life COBRA plan?

Follow these three easy steps to enroll an individual:

Step 1. Notify BEST Life of a Qualifying Event: The employer can notify BEST Life in writing within 30-days of a COBRA Qualifying Event by submitting a BEST Life Termination Form (available on our website under "Forms") and checking the "offer COBRA" box. Employers may also email Customer Service at cs@bestlife.com and include the individual's name, the qualifying event and the qualifying date.

Once notified, BEST Life will terminate coverage until COBRA or State Continuation is elected.

Step 2. Submit a signed COBRA Election Form. To reinstate coverage under COBRA, we require a signed COBRA Election Form and employer's check for all back premiums.

The employer may download a BEST Life COBRA Election Form from our website (www.bestlife.com), or request a form when he or she notifies BEST Life of the COBRA Qualifying Event.

Employers are not required to use BEST Life COBRA Election Forms. If the employer has its own COBRA Election Form or uses an Outside COBRA Administrator, they need only to submit a copy of the signed COBRA Election Form. The copy should include the Qualifying Event, Qualifying Event Date, Coverage Elected, dependent information and the individual's signature electing continuation.

Submit signed COBRA Election Forms along with any premiums due to:

**COBRA Department
BEST Life
PO BOX 19721
Irvine, CA 92623-9721**

We will process and send to the employer to forward to the individual for election. Under Cal-COBRA once the employer notifies us of the Qualifying Event we will process a Cal-COBRA Election Form and send it directly to the individual at their last known address.

Step 3. Upon our receipt of the signed COBRA Election Form, and the employer check for any premiums due, the individual will be reinstated under COBRA with no lapse in coverage and will appear on regular BEST Life billing statements with an asterisk indicating COBRA employees.

Is there an Election Period for COBRA?

Yes, COBRA requires a special enrollment period for eligible individuals. Generally, the employee or dependent has 60 days to elect COBRA. The 60-day period begins on the date coverage would otherwise terminate or the date provided on the election form, whichever is later. If there is no response within the 60-day period, the individual is no longer eligible for COBRA.

The individual also has an additional 45 days from the date he or she elects coverage (signs the election form) to remit any initial premium to the employer. No coverage is reinstated until BEST Life receives the signed election form and employer's check for premiums.

Under Cal-COBRA, a personal check or money order from the individual and a signed election form will be required to reinstate coverage. Individuals on Cal-COBRA will be billed directly on a monthly basis.

What is the Premium for COBRA plans?

COBRA monthly rates are the same as similarly situated full-time employees; BEST Life does not charge any additional fees for COBRA. Under Federal COBRA the employer may add an additional 2% for the administration of COBRA.

Once on COBRA, the individual will remit their premium payments to the employer, and the employer will send payments to BEST Life along with their regular monthly statement.

Under Cal-COBRA, BEST Life includes a 10% charge to the premium for the administration of Cal-COBRA.

How long does COBRA last?

Federal COBRA generally lasts up to 18 months. Coverage may be extended for 29 months for disabled individuals (see "Extension of COBRA for disabled individuals" for more information).

Cal-COBRA allows continuation coverage for up to 36 months for individuals who were employees for employers with 2 to 19 employees on payroll.

California Assembly Bill 1401 extends Federal COBRA under Cal-COBRA (for California employers) for an additional 18 months (for a total of up to 36 months) for "core" medical benefits. This extension does not apply to dental or vision only plans.

Federal or State Continued coverage will either end at or before the 18 or 36-month period, depending on the individual's situation. (See "What happens when COBRA ends?" for details.)

A general reference guide of states that provide continuation coverage is provided at the end of this document.

Extension of COBRA for disabled individuals.

The COBRA will be extended from 18 to 29 months for certain disabled qualified employees. The individual must notify BEST Life that Social Security Administration determined them to be disabled at the time of their Qualifying Event or within the first 60 days of COBRA continuation. We require a copy of the Social Security determination (Notice of Award) that provides the date they are determined to be disabled. This notice must be submitted to BEST Life within 18 months of the Qualifying Event and within 60 days of the determination date.

The employee must also notify BEST Life within 30 days of any final determination by Social Security that he or she is no longer disabled. Continued coverage will end sooner if the disability ends.

What happens when COBRA ends?

Approximately 3 to 4 months prior to the end of the 18 or 36-month COBRA period, BEST Life will send a letter to the employer advising when COBRA is scheduled to end. Coverage will be terminated on the first of the month following the last month of the 18 or 36-month period.

Continued coverage may end before the 18 or 36-month period. The continued coverage can terminate before the 18 or 36-months period if any of the following occurs:

- The employer's group health plan is terminated;
- The employer's participation in the BEST Life plan is canceled;
- The continued person fails to make timely premium payments;
- The continued person becomes entitled to Medicare benefits;
- The continued person becomes a covered employee under any other group health plan, if that plan does not limit or exclude coverage for any pre-existing condition; or
- Former spouses who have continued coverage remarry and become covered under another group health plan, if that plan does not limit or exclude coverage for any pre-existing condition.

GENERAL GUIDELINES FOR STATE CONTINUATION OF GROUP HEALTH PLANS

For Groups with 2 to 19 employees

The following is subject to change. Some restrictions may apply to the length of employment, length of coverage under group plan, and type of Qualifying Event.

State	Continuation Required
Arizona	Not available
California	36 months – medical, dental, vision
Colorado	18 months – medical, dental, vision
Connecticut	18 months – medical, dental
Florida	18 months – medical, dental
Georgia	3 months – medical only
Illinois	12 months – medical only
Iowa	9 months – medical only
Kansas	18 months – medical, dental
Kentucky	18 months – medical, dental
Louisiana	12 months – medical only
Maine	12 months – medical, dental
Maryland	18 months – medical, dental
Massachusetts	18 months – medical, dental
Minnesota	18 months – medical, dental
Mississippi	12 months – medical only
Missouri	9 months – medical only
Nebraska	6 months – medical, dental
Nevada	18 months – medical only
New Hampshire	18 months – medical, dental
New Jersey	12 months – medical only
New Mexico	6 months – medical, dental
New York	18 months – medical, dental
North Carolina	18 months – medical only
North Dakota	39 weeks – medical only
Ohio	12 months – medical only
Oklahoma	3 months – basic coverage, 6 months – major medical
Oregon	9 months – medical only
South Carolina	6 months – medical, dental
South Dakota	18 months – medical, dental
Tennessee	3 months – medical, dental
Texas	9 months – medical only
Utah	12 months – medical, dental, vision
Vermont	6 months – medical only
Virginia	90 days – medical, dental, optional
Washington	3 months – medical only, optional
West Virginia	18 months – medical only
Wyoming	12 months – medical only