

NONINSTRUCTIONAL OPERATIONSMedical Insurance

Medical plans are offered in the district on a payroll deduction plan. Staff may select from among those plans which are made available by the district's approval. The district shall make a contribution toward approved insurance premiums for each staff member each month in an amount which is determined each year. In the event of any fully-funded legislative changes for payment of insurance premiums, such funds shall be provided automatically as additional contributions.

When a staff member is on leave and the staff member's accumulated paid leave has been exhausted, the district shall notify the staff member that the medical insurance benefits are exhausted and the premium is due. The district shall accept the premium from the staff member and remit it to the carrier each month during the term of an approved leave of absence.

The district will advise staff of the availability of extended group medical insurance to terminated staff members and his/her dependents. Such terminated employees shall be permitted to remain on their group medical plan for up to 36 months after the termination. Staff members who voluntarily quit, retire, are laid off, or are discharged for reasons other than gross misconduct, may qualify for this program. Pursuant to state law, coverage for a retiring staff member shall last at least until June 30, 1994 or medicare eligibility, whichever occurs first. The staff member shall be required to pay the premiums after termination.

Legal Reference: Comprehensive Omnibus Budget Reconciliation Act of  
1985

Ch. 195, Laws of 1992

Adoption Date:

090192

## NONINSTRUCTIONAL OPERATIONS

### Medical Insurance

The 1985 Federal Budget Act, known as the Comprehensive Omnibus Budget Reconciliation Act of 1985 (COBRA), contains provisions which require an employer to make available "continuation" coverage for specified periods to most terminated employees, employees' widows, separated or divorced spouses, and certain dependents.

The law requires private and public employers, except the federal government, churches, and employers with fewer than twenty (20) employees, to allow terminated employees and their dependents to remain on their group medical plan for up to 18 months after the termination. Employees terminated for any reason except gross misconduct will be eligible. This means that employees who voluntarily quit, retire, are laid off, or are fired for reasons other than gross misconduct, may qualify for this program. The continuation option must also be available to employees who have had their hours reduced to a level such that they no longer qualify for group medical. The employee may be required to pay the premiums after termination.

It also gives continuation coverage to qualified dependents who would otherwise lose coverage under a group medical plan because of a qualifying event. Qualifying events are: death of an employee, separation or divorce from an employee, reaching majority age in the case of a dependent child, and attainment of Medicare age by the covered employee. In this situation the dependents may continue coverage for up to 36 months from the date of the qualifying event. As with the employee, they may be required to self-pay the premiums. The coverage provided under this continuation option must be identical to coverage provided under the group plan to similarly situated beneficiaries (employees and dependents) for whom a qualifying event has not occurred.

Some or all of the cost of the continuation coverage may be charged to the qualifying beneficiaries. However, in no event may the cost charged to a qualified beneficiary exceed 102 percent of the "applicable premium". The "applicable premium" is defined as the cost of the plan for the period of coverage for a similarly situated beneficiary to whom a qualifying event has not occurred (without regard to whether such costs is paid by the employer or employee). Employers who offer self-insured plans must figure a premium based on an actuarial process, taking into account such factors as the upcoming regulations will prescribe. The qualified beneficiary may pay the premium in monthly installments.

Employers are required to provide written notice of the continuation option to all covered employees and their spouses at the time the employee becomes covered under the plan.

The covered employee or qualified beneficiary would be responsible for notifying a group health plan administrator of any change in family status (separation, divorce, or child becoming ineligible). The employer would be required to notify the group health plan administrator in case of the death, termination (or reduction in hours), or Medicare eligibility of the covered employee. Such employer notification must be made within 30 days of the qualifying event.

Within 14 days after the notification described above, the plan administrator would be required to notify the affected qualified beneficiary of his/her right to elect continuation coverage and of the election period during which the qualified beneficiary could exercise that right. Notification of an employee's spouse also constitutes notification to children living with that spouse.

The election period during which the terminated employee or qualified beneficiary will have to decide to continue this coverage is 60 days. The 60 days begins on the date the individual is notified of his or her continued coverage rights by the group plan or on the termination date, whichever is later.

State law requires that all group health and/or disability insurance policies or health service or maintenance agreements covering school employees and dependents contain self-paid coverage for retired or disabled employees until June 30, 1994 or eligibility for Medicare coverage, whichever occurs first. The requirement is meant to be consistent and concurrent with COBRA.

The covered employee or qualified beneficiary would be responsible for notifying a group health plan administrator of any change in family status (separation, divorce, or child becoming ineligible). The employer would be required to notify the group health plan administrator in case of the death, termination (or reduction in hours), or Medicare eligibility of the covered employee. Such employer notification must be made within 30 days of the qualifying event.

Within 14 days after the notification described above, the plan administrator would be required to notify the affected qualified beneficiary of his/her right to elect continuation coverage and of the election period during which the qualified beneficiary could exercise that right. Notification of an employee's spouse also constitutes notification to children living with that spouse.

The election period during which the terminated employee or qualified beneficiary will have to decide to continue this coverage is 60 days. The 60 days begins on the date the individual is notified of his or her continued coverage rights by the group plan or on the termination date, whichever is later.