5.2 COBRA

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue benefit coverage under the employer's medical plans, dental plans, vision plan, when a "qualifying event" would normally result in the loss of eligibility.

Qualifying Events
Examples of qualifying events:

- Termination of employment
- Death of the employee
- Reduction in work hours
- Divorce
- Retirement (if not eligible for retiree medical insurance)
- Loss of eligibility by a dependent child

Length of Coverage
Coverage may continue for differing lengths of time depending upon the reason for eligibility. The time limitations are:

- Up to 18 months if loss of coverage is due to termination of employment or reduction in work hours
- Up to 36 months for dependents if loss of coverage is due to death, divorce, or a dependent child's loss of eligibility
- Up to 29 months if the individual is disabled at the time of eligibility for continued coverage or is disabled within 60 days of eligibility for continued coverage

Cost of Coverage
Under extended coverage, the eligible individual pays full cost of coverage at the employer's group rate plus a 2% administrative fee.

Termination of Continued Coverage
Continued coverage may terminate if:

- The individual becomes covered by another group plan (including Medicare),
- The individual fails to pay the required premium within the established grace period, or
- The employer no longer offers the plan(s) to its active employees.

Employee Responsibility
LADD makes every effort to comply with the guidelines regarding an employee's and qualified dependent's rights under COBRA. If you meet one of the coverage qualifying events, please contact Human Resources as soon as possible. Failure to do so in a timely manner may violate the insurance provider (Blue Cross Blue Shield/Blue Care Network) to deny coverage.