	THE JOHNS HOPKINS HOME CARE GROUP HUMAN RESOURCES POLICY MANUAL	<i>Policy Number</i>	II-101
		<i>Effective Date</i>	01/01/03
	<i>Subject:</i> COBRA	Revised	01/01/03

**POLICY**


Through the provision of the Consolidated Omnibus Budget Reconciliation Act (**COBRA**), employees may elect to continue coverage premiums for 18 months. JHHCG will coordinate with the COBRA administrator.

**PROCEDURE:**

Should the employee lose health care coverage under JHHCG's health care plan as the result of a qualifying event, the employee, the employee's spouse and dependent children (if currently covered) will be given the opportunity to continue to purchase coverage as a group member for a period following the loss of coverage.

A qualifying event for purposes of continuation of health care coverage would include:

- a. The employee is terminated for any reason other than gross misconduct on the employee's part--qualifying event for the employee, the employee's spouse and dependent children.
- b. The employee's working hours are reduced to the point that the employee loses some or all of the employee's health coverage under the plan--qualifying event for the employee, the employee's spouse and dependent children.
- c. The employee is divorced or legally separated--qualifying event for the employee and dependent children.
- d. The employee's spouse divorces or obtains a legal separation from the employee--qualifying event for the employee's spouse.
- e. The employee becomes entitled to Medicare--qualifying event for the employee's spouse and dependent children.
- f. The employee's dependent child loses dependent status as defined by the plan--qualifying event for that dependent child.

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The employee will receive notice of the employee's right to elect continuation coverage after the plan administrator is notified that the employee has incurred a qualifying event. JHHCG will notify the plan administrator within 30 days of the employee's death, termination, reduction in hours, or entitlement to Medicare. The employee or the employee's qualified beneficiary must notify the plan administrator within 60 days of a divorce or legal separation or the date on which the employee's child ceases to be a dependent under JHHCG's health plan rule. Notice of the right to elect continuation coverage will be mailed to the employee's qualified beneficiary by first-class mail to the employee's last known address or to the last known address of the employee's qualified beneficiary.

Although the employee's right to elect continuation coverage occurs upon the happening of a qualifying event to the employee, coverage is not automatic. The employee (and the employee's spouse and dependents) must make an affirmative election of coverage before coverage will begin. An election form will be sent with the notice of eligibility. The election must be made within 45 days of the date coverage is lost or the date that the notice of eligibility is sent, whichever is later. An election is considered to have been made on the date the election form or letter indicating an election is being made has been sent.


The notice that the employee receives advising the employee that he or she is eligible for continuation coverage will contain a form on which he or she may elect coverage. The election is made on the day the election form or a letter indicating that an election has been made has been sent to JHHCG.

The qualifying event is experienced, the employee will be given the opportunity to continue coverage for both the core group health care coverage and non-core group health care coverage the employee has at the time the qualifying event occurs. The coverage that the employee will be offered is the same coverage offered to similarly situated plan beneficiaries that have not experienced a qualifying event. This includes any changes that occur within the plan while the employee is under continuation coverage.

Furthermore, the employee is responsible for the same deductibles and co-payments under the plan that the employee was responsible for before coverage was lost. Any amounts already incurred under the original plan will be credited to the employee's continuation coverage.

Any non-core benefits that the employee is receiving at the time of a qualifying event will be listed on the notice of eligibility for continuation coverage the employee receives should the employee experience a qualifying event. The plan administrator, not JHHCG, sends this form/letter.

An employee is eligible for continuation coverage if terminated from employment for any reason other than the employee's gross misconduct or if a reduction in hours result in the loss of

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coverage under JHHCG's group health plan. Continuation coverage will be available for 18 months from the date of termination or reduction in hours for the employee, the employee's spouse and dependent children.

The employee's spouse and/or dependent children are entitled to 36 months of continuation in the event of the employee's death, divorce/legal separation, the employee's entitlement to Medicare, and if dependent child loses dependent status under JHHCG's plan. A dependent child ceases to be a dependent under JHHCG's plan at age 21, when emancipated or when married.

Continuation coverage may be terminated before the end of the applicable coverage period if any of the following circumstances occur:

The qualified beneficiary (the employee, the employee's spouse or the employee's spouse on behalf of the employee's dependent children) fails to make timely payment of premiums for continuation coverage.

The qualified beneficiary becomes covered under another group health plan that is not maintained by JHHCG and does not contain any preexisting condition limitation or exclusion affecting the qualified beneficiary.

The qualified beneficiary becomes eligible for Medicare.


JHHCG's group health plan is terminated.

The continuation period has been extended because the qualified beneficiary was a person with a disability but no longer has the disability.

For cause on the same basis that the coverage of similarly situated active employees may be terminated.

Two exceptions to termination of continuation coverage exist. The continuation coverage of an activated military reservist and their covered dependents may not be terminated if the qualified beneficiary becomes covered under a group health plan maintained by another employer. This applies only if the other employer is a federal or other governmental entity, including a military organization. In addition, qualified beneficiaries suffering from end-stage renal disease (ESRD) will not lose continuation coverage upon becoming eligible for Medicare due to the ESRD.

When an election for continuation coverage is made, the employee will receive a premium payment booklet. Each coupon will indicate the amount of the premium, the date the premium is due (the first premium will be due 30 days after the election is made) and where to mail the

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payment. A 30 day grace period is available, after which time coverage will be terminated.

The charge for continuation coverage will be the same as what the employee is being charged at the time coverage is terminated, plus the portion of the premium paid by JHHCG. No one will be charged more than the amount being charged immediately before coverage was terminated for continuation coverage. However, if there is a change in the cost of insurance resulting in a higher premium for active plan participants, the employee's premium will be raised as well.

JHHCG charges no administrative fee for processing continuation coverage.

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