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## ARIZONA DEPARTMENT OF ADMINISTRATION

### BENEFIT SERVICES DIVISION

100 NORTH FIFTEENTH AVENUE, SUITE 103  
PHOENIX, ARIZONA 85007

(602) 542-5008

### COBRA Continuation Coverage Enrollment Notice

**This notice contains important information about your right to continue your health care coverage through the Arizona Benefit Options Plan (or, in this notice, the “Plan”), as well as alternative types of health coverage that may be available to you through the Health Insurance Marketplace at [www.HealthCare.gov](http://www.HealthCare.gov). You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. Please read the information contained in this notice very carefully before you make your decision.**

If your health insurance (also called “health benefits” or “health coverage” in this notice) was terminated, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), entitles you to elect and receive continued health coverage under your employer-sponsored, group health plan if your termination was due to a “qualifying life event”. You and your eligible dependents are entitled to receive up to 36 months of COBRA continuation coverage, depending on the type of qualifying life event you experienced. (For examples of a “qualifying life event,” see page 3.)

Please refer to the information in this notice for answers to your questions about COBRA continuation coverage. You may also visit the Arizona Benefit Options website ([www.benefitoptions.az.gov](http://www.benefitoptions.az.gov)), or call/email the Arizona Department of Administration – Benefit Services at the number/email address listed below.

**Arizona Department of Administration – Benefit Services**  
**100 N. 15<sup>th</sup> Ave., #103**  
**Phoenix, AZ 85007**  
**Phone: (602) 542-5008 or (800) 304-3687**  
**Email: [www.benefitsissues@adoa.gov](mailto:www.benefitsissues@adoa.gov)**

## **Instructions**

To elect COBRA continuation coverage through the Arizona Benefit Options Plan, complete the attached COBRA Enrollment Form and return it to ADOA – Benefit Services. Under federal law, you have **60 days** from the date on your COBRA notice letter to elect COBRA continuation coverage under the Plan. If you do not submit a completed COBRA Enrollment Form to Benefit Services within 60 days of the date on your COBRA notice letter, you will lose your right to elect COBRA continuation coverage under the Plan.

**If you choose to elect COBRA continued coverage through the Plan, send your completed Enrollment Form to:**

Arizona Department of Administration – Benefit Services  
100 N. 15<sup>th</sup> Ave., # 202  
Phoenix, AZ 85007

**You may also fax your Enrollment Form to 602-542-4744 or e-mail it to [benefitsissues@azdoa.gov](mailto:benefitsissues@azdoa.gov) .**

**COBRA WILL NOT BEGIN UNTIL PAYMENT IS RECEIVED.**

If you reject COBRA continuation coverage before the due date, you may change your mind as long as you furnish a completed Enrollment Form to ADOA – Benefit Services before the 60 days expires.

**Important Information**  
**About Your Health Care Coverage Rights**

If your health care coverage through your employer was terminated, please read the following information on **how to keep your health care coverage** by enrolling in either COBRA continuation coverage or the Health Insurance Marketplace.

**COBRA CONTINUATION COVERAGE**

**What is COBRA continuation coverage?**

COBRA is a federal law that requires most employer-sponsored, group health plans (including this Plan) to offer their employees (and employees' eligible dependents) the opportunity to continue their health care coverage if they experience a "qualifying life event" that would otherwise result in their loss of health coverage under the employer's plan. The following circumstances are considered qualifying life events:

- End of employment;
- Reduction in the hours of employment;
- Death of the employee under whom coverage was received;
- Divorce or legal separation; and/or
- Losing "dependent child" status

If you experienced a qualifying life event as described above and you fall into one of the following categories, you are considered a "qualified beneficiary" and are eligible for COBRA continuation coverage:

- Employee or former employee;
- Spouse or former spouse;
- Dependent child(ren) covered under the Plan on the day before the qualifying life event occurred; and/or
- Child who is losing health care coverage under the Plan because he/she no longer considered a "dependent" by Plan definition.

**Are there other coverage options besides COBRA Continuation Coverage?**

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it's important that you choose carefully between COBRA continuation coverage and other coverage options, because once you've made your choice, it can be difficult or impossible to switch to another coverage option.

## **If you elect COBRA continuation coverage, when will your coverage begin?**

If elected, COBRA continuation coverage will date back to the day your job-based coverage terminated. This way, you will not suffer any lapse in health coverage. You have 60 days from the date on the COBRA notice letter to submit a completed COBRA continuation coverage Enrollment Form (attached). (60 days will be determined by the postmark date of your Enrollment Form, not the date of receipt.) No payment is due at the time you submit your Enrollment Form.

Your **first payment** is due within 45 days of the postmarked date on your submitted Enrollment Form. Keep in mind, however, that although payment is not due with your Enrollment Form,

**ADOA – Benefit Options will not process your Form until it receives your first payment.**

## **How long will COBRA continuation coverage last?**

The length of time you are eligible to receive COBRA continuation coverage depends on the type of qualifying life event you experienced. Generally, if your health coverage terminated due to the **end of employment** or a **reduction in hours of employment**, you are eligible to receive continued health coverage under COBRA for up to 18 months. If you lose health coverage due to an **employee's death, a divorce or legal separation, a child aging out of "dependent child" status**, or, in some cases, the **employee becoming entitled to Medicare benefits**, coverage may be continued for up to 36 months.

When the qualifying life event is the end of employment or a reduction in the employee's hours of employment and the employee becomes entitled to receive Medicare benefits fewer than 18 months before the qualifying life event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts up to 36 months from the date Medicare entitlement begins.

Please note that this notice indicates the maximum period of time COBRA continuation coverage is available to qualified beneficiaries. Continuation coverage will be terminated earlier in certain circumstances. For example, continuation coverage will be terminated if any of the following events occurs:

- Any required premium is not paid in full and on time;
- If, after electing COBRA continuation coverage, a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- The employer ceases to provide group health coverage for any of its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage for a participant/beneficiary who is not receiving continuation coverage (such as fraud).

## **Can you extend the length of COBRA continuation coverage beyond the times indicated above?**

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a **qualified beneficiary is disabled**, or if a **second qualifying life event occurs**. You must notify the ADOA – Benefit Services Office of a disability or a second qualifying life event immediately in order to extend the period of continuation coverage. Failure to provide notice to the ADOA – Benefit Services Office of a disability or second qualifying event may affect your right to extend the period of continuation coverage. Further details regarding each type of coverage extension are as follows:

### ***Disability***

An 11-month extension of coverage may be available to your family if any of the qualified beneficiaries is determined to be disabled by the Social Security Administration (SSA). The disability must have existed at

some time before the 60<sup>th</sup> day of your initial COBRA coverage period and must continue until the end of your initial, 18-month period of continuation coverage, at least. You must notify ADOA – Benefit Services of the disability determination by the SSA before the end of your initial, 18-month COBRA coverage period to be eligible for this extension. Each qualified beneficiary who elected continuation coverage will be entitled to the 11-month disability extension, even if only one beneficiary receives an SSA disability determination. If, at any point however, the SSA determines that the disabled, qualified beneficiary is no longer disabled, you must notify the ADOA – Benefit Services Office of that fact within 30 days of the SSA’s determination.

### ***Second Qualifying Life Event***

An 18-month extension of coverage may be available to spouses and dependent children who elected continuation coverage if a second qualifying life event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying life event occurs is 36 months. Such second qualifying life events may include: the death of a covered employee, divorce or separation from the covered employee, or a dependent child ceasing to be eligible for coverage as a dependent under the Plan. These events will be considered second qualifying life events only if they would have caused the qualified beneficiary to lose coverage under the Plan had the first qualifying life event not occurred. You must notify ADOA – Benefit Services within 60 days of the occurrence of a second qualifying life event if you want to extend your continuation coverage.

For more information about extending the length of COBRA continuation coverage, visit <http://www.dol.gov/ebsa/publications/cobraemployee.html>.

### **How do you elect COBRA continuation coverage?**

To elect continuation coverage, you must complete the Enrollment Form (attached) and return it to the ADOA – Benefit Services Office within 60 days (follow the directions on the Form). Each individual who meets the definition of “qualified beneficiary” has a separate right to elect continuation coverage. For example, the employee’s spouse may elect continuation coverage even if the employee does not. Additionally, continuation coverage may be elected for one, some, or all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any/all dependent children. And the employee or the employee’s spouse can elect continuation coverage on behalf of all qualified beneficiaries in the family.

In considering whether to elect COBRA continuation coverage, you should know that you have additional health coverage and enrollment rights under federal law. For example, you have the right to request a “special enrollment” in another group health plan for which you are eligible (such as a plan sponsored by your spouse’s employer). You must make such a request within **30 days** after your own job-based health coverage ends because of a qualifying life event. You will also have the same special enrollment right at the end of COBRA continuation coverage if you elect and receive continuation coverage for the maximum time available to you.

### **How much does COBRA continuation coverage cost?**

Generally, each qualified beneficiary is required to pay the entire cost of continuation coverage. The amount each qualified beneficiary is required to pay may not exceed 102% of the cost to the job-based, group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. More information about COBRA payments can be found below, as well as on the Enrollment Form itself (attached).

Keep in mind, other coverage options such as the Health Insurance Marketplace may cost less than COBRA.

### **When and how must payment for COBRA continuation coverage be made?**

*First payment for continuation coverage*

If you elect continuation coverage, you do not need to send payment with the Enrollment Form. Your first payment is due (i.e., must be postmarked) no later than 45 days after the date your Enrollment Form was postmarked (or faxed, or scanned) and sent to ADOA – Benefit Services. Keep in mind that **your Enrollment Form will not be processed, and your COBRA coverage will not become effective, until payment is made in full**. Further, if you fail to make your first payment within the 45 days allotted, you will lose all continuation coverage rights under the Plan.

If payment is made on time (as indicated above), COBRA continuation coverage will begin the day after your job-based coverage ended.

You are responsible for making sure that the amount of your first payment is correct. You may contact ADOA – Benefit Services at (602) 542-5008 or (800) 304-3687 to confirm the correct amount of your first payment.

### ***Monthly payments for continuation coverage***

After you make your first payment for COBRA continuation coverage, you will be required to make monthly payments thereafter. The amount due per month for each qualified beneficiary will be sent to you in a billing statement from ADOA – HITF. If you make a full payment on or before the due date, your continuation coverage under the Plan will continue for another month without a break. Billing statements are mailed as a courtesy. If you do not receive a bill, you may call ADOA – Benefit Services for assistance.

### ***Grace period for monthly payments***

Although payment is due in full every month, you will be given a grace period of 30 days to make each payment. Your COBRA coverage will continue as long as payment for the month is made before the grace period ends.

If you fail to make a payment before the end of the grace period, you will lose all rights to continuation coverage under the Plan.

### ***Where and how to send payments for continuation coverage***

All payments for COBRA continuation coverage shall be made by check or money order and made out to: **ADOA – HITF for Continuation Coverage**. Send your payments to:

Arizona Department of Administration – Health Insurance Trust Fund (HITF)  
100 N. 15<sup>th</sup> Ave., #202  
Phoenix, AZ 85007

### **Declining COBRA coverage**

To decline COBRA coverage, return the COBRA Enrollment Form with the box “I decline COBRA coverage” clearly marked. Similarly, if you do not enroll in continuation coverage by sending in the Enrollment Form to ADOA – Benefit Services within 60 days of the date on the COBRA Notice, ADOA will assume you have declined coverage. Once the 60 days lapses, you will no longer be eligible to receive continuation coverage through the Plan.

### **Can I enroll in another group health plan?**

You may be eligible to enroll in health coverage through another group health plan (like your spouse’s plan), if you request enrollment within **30 days** of the loss of your job-based coverage.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you are eligible, you will have another opportunity to enroll in the other group health plan within **30 days** of when your COBRA continuation coverage ends.

### **What factors should I consider before choosing a health coverage option?**

When considering your options for health coverage, you should consider the following:

- **Premiums (Payments):** Your job-based health plan can charge up to 102% of total plan premiums for COBRA continuation coverage. Other options, like coverage through a spouse’s plan or through the Marketplace, may be less expensive.

- **Provider Networks:** If you are currently receiving care or treatment for a specific condition, a change in your health coverage may affect your access to a particular health care provider (i.e., a doctor or nurse practitioner). You should check to see if your current health care provider(s) participates in the network(s) you are considering if you would like to continue to receive care from this individual(s).
- **Drug Formularies:** If you are currently taking medication, a change in your health coverage may affect your costs for that medication. In some cases, your medication may not be covered by another plan. You should check to see if your current medications are listed in drug formularies for other types of health coverage.
- **Severance payments:** If you lost your job and received a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you should contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some health plans limit their benefits to specific, geographical areas – so if you move to another part of the country, you may not be able to use your benefits. You should see if your plan has a limited coverage area, or other similar restrictions.
- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You should check to see what the cost-sharing requirements (i.e., additional payments) are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and/or higher copayments.

### **Resources for more information**

This notice is not exhaustive and does not describe all aspects of COBRA continuation coverage or your rights under the Plan. If you want more information about COBRA continuation coverage or you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, contact:

**Arizona Department of Administration – Benefit Services**  
**100 N. 15<sup>th</sup> Ave., #103**  
**Phoenix, AZ 85007**  
**Phone :(602) 542-5008 or (800) 304-3687**  
**Email: [benefitissues@azdoa.gov](mailto:benefitissues@azdoa.gov)**

If you have any general questions about the Plan or COBRA, you may visit: [www.benefitoptions.az.gov](http://www.benefitoptions.az.gov) or [www.cms.hhs.gov/COBRAContinuationofCOV](http://www.cms.hhs.gov/COBRAContinuationofCOV)

For information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA) website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa), or call their toll-free number at 1-866-444-3272.

For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit [www.HealthCare.gov](http://www.HealthCare.gov).

**Keep your plan informed of changes to your address and other contact information**

In order to protect your and your family's rights, please keep ADOA – Benefit Options informed of any changes to your address (and/or the addresses of your dependents), as well as other contact information (phone and/or email addresses). You should also keep a copy of any notices you receive regarding your health coverage and any correspondence you send to the ADOA – Benefit Services.

**If you fail to return a completed Enrollment Form, your right to COBRA coverage will expire 60 days from the date on your COBRA notice letter!!!**

**\*\*NOTICE REGARDING YOUR LIFE INSURANCE POLICY\*\***

You may be eligible to continue life insurance coverage through portability or conversion. For more information visit: <http://groupbenefits.thehartford.com/arizona/>. You may also call

The Hartford at:  
(877) 320-0484

## HEALTH INSURANCE MARKETPLACE

As an alternative to COBRA continuation coverage, you have the option to receive health care coverage through the Health Insurance Marketplace or “Obamacare”. **You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.** You can learn more about the Marketplace below.

### **What is the Health Insurance Marketplace?**

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you may be eligible for a tax credit that lowers your monthly premiums (payments) and other cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments). You will be notified of these opportunities right away, so you can see what your premiums, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you’ll also learn if you qualify for free or low-cost coverage from Medicaid or the Children’s Health Insurance Program (CHIP). You can access the Marketplace for your state at [www.HealthCare.gov](http://www.HealthCare.gov).

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage does not limit your eligibility to receive health coverage or a tax credit through the Marketplace.

### **When can you enroll in Marketplace coverage?**

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is considered a “special enrollment” event (versus an “open enrollment” period when anyone can enroll in Marketplace coverage). After 60 days your special enrollment period will end and you will no longer be able to enroll in health coverage through the Marketplace, so you should take action right away. In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit [www.HealthCare.gov](http://www.HealthCare.gov).

### **Is it ok to switch from coverage under the Marketplace to COBRA continuation coverage? Is it ok to switch from COBRA continuation coverage to the Marketplace?**

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. These happen every year. You can also switch from COBRA continuation coverage to a Marketplace plan if you have a second qualifying life event (such as marriage or birth of a child). This is an example of a “special enrollment period.” Be careful though - if you terminate your COBRA continuation coverage early without the occurrence of another qualifying life event, you will have to wait until the next Marketplace open enrollment period occurs to enroll in Marketplace coverage. In this situation, you could end up without any health coverage for a period of time. If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstance.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you will be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

## **More Marketplace information**

To find out more about enrolling in the Marketplace, when the next open enrollment period will be, and what situations are considered “qualifying life events” and “special enrollment events” visit [www.HealthCare.gov](http://www.HealthCare.gov) or call **1-800-318-2596**.