

The State of Michigan is required under the Consolidated Omnibus Budget Reconciliation Act (COBRA) to provide notice to all retirees, their spouses, and their dependent children regarding each dependent's rights to continue state-sponsored group insurances when coverage would otherwise end.

Retain for Future Reference

This notice has important information about your right to continue your health care coverage in the State of Michigan's group Health, Dental, and Vision plans (Plans), as well as other health coverage options that may be available to you, including coverage through the Health Insurance Marketplace at www.HealthCare.gov or call 1-800-318-2596. This notice informs you of the qualifying events and notification requirements for continuation of benefits available to retirees' spouses and dependent children (qualified beneficiaries) under COBRA. This general notice does not fully describe COBRA or the Plans. More complete information is available from the Plans' administrator and in the summary plan descriptions.

When is COBRA continuation coverage available?

The state will offer COBRA continuation coverage to qualified beneficiaries only after the Office of Retirement Services (ORS) has been notified that a **qualifying event** has occurred. The **spouse** of a retiree will lose coverage under the state-sponsored group insurances because of the death of the retiree if survivor coverage was not chosen or because of divorce or legal separation. A **dependent child** will lose state-sponsored group insurance coverage:

- upon the retiree's death, if survivor coverage was not chosen,
- on their 19th birthday, unless enrolled at least half-time in an accredited educational institution,
- when they graduate, stop attending school, or are no longer dependent on the retiree for support,
- when they marry or,
- at the end of the month the child turns 26 years old.

The retiree or affected qualifying beneficiary must inform the State of Michigan, Office of Retirement Services (ORS), within 60 days of a qualifying event. If an event occurs, call (800) 381-5111 or (517) 322-5103. ORS staff will send the affected individual an application to continue group insurance coverages (Form CS-1820).

If the retiree or affected family member does not notify ORS within 60 days of the date of one of the above-listed events, any rights to continuation of insurances will be forfeited. If ORS is not notified within 60 days of a qualifying event and any claims incurred after the date of the event are paid erroneously, the ineligible individual will be required to reimburse the state for any such paid claims, plus premiums paid by the state.

Individuals entitled to COBRA continuation coverage will be eligible to continue only the Plans under which they were covered the day before the qualifying event. These coverages may continue for 36 months under the provisions of the Federal COBRA law if the affected individual timely pays the full premium plus a 2% administrative fee directly to the state.

Type of Coverage; Premium Payments

A spouse or dependent child who is not covered under state-sponsored insurances on the day before the qualifying event is generally not entitled to COBRA coverage except where there is no coverage because it was eliminated in anticipation of a qualifying event like divorce. If the ex-spouse notifies the Office of

Retirement Services within 60 days of the divorce and can establish that the coverage was dropped earlier in anticipation of divorce, then COBRA coverage may be available for the period after the divorce.

If you are covered by Health, Dental, and Vision insurance, you may elect COBRA coverage under one, two, or all three Plans. If the coverage for similarly situated employees or their family members is modified, COBRA coverage will be modified the same way.

The premium payments for the “initial premium months” must be paid for any qualifying family member by the 45th day after electing continuation of coverage. The initial premium months are the months that end on or before the 45th day after the date of the COBRA election. All other premiums are due on the first of the month for which the premium is paid, subject to a 30-day grace period.

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other 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 or directly from your prior health insurance carrier) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?

In general, if you don’t enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an 8-month special enrollment period¹ to sign up for Medicare Part A or B, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don’t enroll in Medicare and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA continuation coverage will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information visit <https://www.medicare.gov/medicare-and-you>.

How can COBRA Continuation Coverage end before the end of the maximum coverage period?

Continuation coverage of qualified beneficiaries will automatically terminate before the end of the maximum coverage period when any of the following events occurs:

1. The premium for the qualified beneficiary’s COBRA coverage is not timely paid.
2. After electing COBRA, you become covered under another group health plan that has no exclusion or limitation with respect to any pre-existing condition you might have.

¹ <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>. These rules are different for people with End Stage Renal Disease (ESRD).

3. After electing COBRA, you become entitled to Medicare benefits.
4. Occurrence of any event (e.g. submission of fraudulent benefit claims) that permits termination of coverage for cause with respect to covered retirees or their spouses or dependent children who have coverage under the Plan for a reason other than the COBRA coverage requirements of federal law.

Other Information

If your marital status changes or a dependent ceases to be a dependent eligible for coverage under the terms of the Plan, or your address changes, you must immediately notify the Office of Retirement Services.

Contact Information

Office of Retirement Services
P.O. Box 30171
Lansing, MI 48909-7671
Telephone: (800) 381-5111 or (517) 322-5103