



**Human Resources Division**

P.O. Box 942718 | Sacramento, CA 94229-2718

CA Relay Service for Deaf and Hard of Hearing – 711

Phone: (916) 795-3065 | Fax: (916) 795-4001

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# Initial COBRA Notice

Date of Notice: \_\_\_\_\_

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## Notice of Rights Under COBRA

The COBRA statute requires that continuation coverage be offered to covered employees and their covered dependents in order to continue their State-sponsored health/dental/vision benefit(s) in the event coverage is lost due to certain qualifying events. This notice is intended to provide a summary of your rights, options, and notification responsibilities under COBRA. Should an actual qualifying event occur in the future and coverage is lost, the CalPERS will provide you (and your covered dependents, if any), with the appropriate COBRA election notice at that time. It is important that you notify CalPERS of a change of address to ensure that any future notices can be mailed to you.

## Qualifying Events for Covered Employee

If you are the covered employee, you have the right to elect this continuation coverage if:

- You lost State-sponsored health/dental/vision coverage because of a voluntary or involuntary termination of your employment (for reasons other than gross misconduct)
- You reduce your time base to less than half time (which causes loss of coverage)

## Qualifying Events for Covered Spouse/Domestic Partner of Employee

If you are the covered spouse or domestic partner of an employee, you have the right to elect this continuation coverage for yourself if you lose State-sponsored health/dental vision coverage because of any of the following reasons:

1. A voluntary or involuntary termination of your spouse's or domestic partner's employment (for reasons other than gross misconduct) or reduction of your spouse's or domestic partner's hours (which causes loss of coverage);
2. The death of your spouse or domestic partner;
3. Divorce, termination of domestic partnership, or legal separation from your spouse or domestic partner; or

4. Your spouse or domestic partner becomes entitled to Medicare (under Part A, Part B, or both).

### **Qualifying Events for Covered Dependent Children**

If you are a covered dependent child, you have the right to elect continuation coverage for yourself if you lose State-sponsored health/dental/vision coverage because of any of the following reasons:

1. A voluntary or involuntary termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's time base (which causes loss of coverage);
2. Death of employee;
3. Parent's divorce, termination of domestic partnership, or legal separation;
4. You cease to be a "dependent child" (e.g., you turn age 23, child marries); or
5. Employee becomes entitled to Medicare (under Part A, Part B, or both). Active State employees do not lose their State-sponsored group dental and vision coverage at age 65 or entitlement to Medicare. However, if a former State employee becomes covered under his/her COBRA coverage may be terminated. COBRA continuation coverage for any covered dependents will not terminate for this reason. You should also read the special Medicare entitlement rule for dependents on page 5.

### **Notification Responsibilities for the Employee, Spouse, Domestic Partner, and Dependent Children**

The Personnel Office is aware of when an employee has died, voluntary or involuntary termination from employment, or reduction in time base. However, it is your responsibility to notify the Personnel Office when a divorce, death termination of domestic partnership, legal separation.

When you have a loss of State-Sponsored health/dental/vision benefit coverage due to a qualifying event (e.g., divorce, termination of domestic partnership, legal separation, or a child ceases to be a dependent, child marries) you must send notification in writing to:

CalPERS, Human Resources Division  
Personnel Transactions Unit  
Lincoln Plaza North 400 Q Street, Room 3260  
Sacramento, CA 95811

It is important to note again that if written notification is not received by the Personnel Office within 60 days from the date of the qualifying event or the date on which coverage is lost, the right to elect continuation coverage under COBRA will not be available to you.

## **Gross Misconduct**

If your termination from employment is due to “gross misconduct”, then your department will not offer COBRA continuation coverage. Additionally, when a covered employee is terminated for gross misconduct, there is no qualifying event for the covered employee, spouse, domestic partner, or dependent children. None of these individuals are entitled to make a COBRA election.

## **COBRA Election Period and Coverage**

At the time that a qualifying event has occurred, CalPERS will notify covered individuals (also known as qualified beneficiaries) of their rights to elect COBRA continuation coverage. The term “qualified beneficiary” means, a covered individual that is eligible to continue coverage because of a qualifying event. An exception is a newborn or child placed for adoption can be added to COBRA coverage and will be deemed a qualified beneficiary, although not covered at the event date.

Each individual who is covered under the plan on the day before an event occurs is a “qualified beneficiary” and has independent election rights to COBRA continuation coverage for 18 or 36 months.

This means each covered individual can elect independently to continue the plan coverage, even if the covered employee chooses not to continue coverage. Each qualified beneficiary will have a maximum of 60 days to elect COBRA continuation coverage. The 60-day election period is measured from the date that the group coverage is lost due to the event or from the date of the COBRA qualifying event notification, whichever date is later. The COBRA election notice will reflect the last date to elect continuation coverage.

## **Length of COBRA Coverage 18 Months**

If the event causing the loss of coverage is a voluntary or involuntary termination of employment (other than for reasons of gross misconduct) or a reduction in time base (which causes loss of coverage), then each qualified beneficiary will have the opportunity to continue coverage for 18 months from the date of loss of coverage.

## **Extensions to the 18-Month COBRA Coverage Period**

### **Social Security Disability**

The 18 months of continuation coverage can be extended for an additional 11 months of coverage, to a maximum of 29 months, for all qualified beneficiaries if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act at any time during the first 60 days of continuation coverage. It is the qualified beneficiary’s responsibility to obtain this disability determination from the plan within 60 days after the date of determination and before the original 18 months expire. It is also the qualified beneficiaries’ responsibility to notify the plan within 30 days of a final determination has been made that they are no longer disabled.

## Secondary Events

Another extension to the 18-month continuation period can occur, if during the 18 months of continuation coverage, a second event takes place (divorce, termination of domestic partnership, legal separation, death, or a dependent child ceases to be a dependent (e.g., child turned age 23, child marries). If a second event occurs, then the original 18 months of continuation coverage can be extended to 36 months from the date of loss of coverage for eligible dependent qualified beneficiaries (for a spouse, domestic partner, or dependent child).

If a second event occurs, it is the qualified beneficiary's responsibility to notify the plan in writing within 60 days of the second event and within the original 18-month COBRA timeline. A reduction in hours followed by a voluntary or involuntary termination of employment is not considered a second COBRA event. In no event, however, will continuation coverage last beyond three years (36 months) from the original date of loss of coverage.

## Special Medicare Entitlement Rule for Dependents Only

If an employee becomes entitled to Medicare benefits prior to the date of an 18-month qualifying event, then his/her dependents is eligible for 18 months of COBRA continuation coverage, or 36 months measured from the date of the Medicare entitlement, whichever is greater.

Example: If an employee becomes entitled to Medicare seven (7) months prior to termination of employment, then the dependents will be offered 29 months of continuation coverage. The employee is only offered 18 months.

## Length of COBRA Coverage 36 Months

If the event causing the loss of coverage is the death of the employee, divorce, termination of domestic partnership, legal separation, Medicare entitlement, or a child ceases to be a dependent (e.g., child turns age 26, child marries), then each qualified beneficiary will have the opportunity to continue coverage for 36 months from the date of loss of coverage.

## COBRA Premiums

If COBRA is elected, the total cost for the insurance will be 100% of the total premium, plus a 2% administration fee. The premium is paid monthly by the enrollee to the plan or its designee. The plan or its designee is not required to send a monthly bill. Your department is not required to pay a share of the COBRA premium. If there is no change in future premium rates, then you will be notified prior to the new premiums going into effect.

## Open Enrollment Period

If you elect COBRA, you will have rights to make allowable changes to your coverage during the annual open enrollment period. Specific instructions will be sent to you prior to the beginning of the open enrollment period.

## **COBRA in Retirement**

If a former spouse, domestic partner, or dependent child of a retired State employee has a COBRA qualifying event, he/she will be offered continuation coverage through CalPERS. CalPERS retirees and their eligible dependents should contact CalPERS regarding COBRA notices and enrollment options

## **Questions**

If any covered individual has questions regarding this notice of your COBRA rights and responsibilities or if you want to report a change in address, please contact the **Personnel Office** at (916) 795-3065 for assistance. It is important to keep us informed of a change in address.



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# Acknowledgment for Receipt of Initial COBRA Notice

Today I was given an Initial COBRA Notice package.

Date of Receipt: \_\_\_\_\_

Employee's Signature: \_\_\_\_\_

Personnel Specialist: \_\_\_\_\_