



# COBRA Vermont

## Comparison of Federal and Vermont Continuation Laws

	FEDERAL (COBRA)	VERMONT
<b>Covered Employers and Health Plans</b>	Group health plans (fully insured and self-insured) maintained by private-sector, state and local government employers with <b>20 or more employees</b> . However, group health plans sponsored by the federal government or by churches are exempt from COBRA.	All group health insurance policies that provide benefits for dental, hospital and medical expenses. Self-insured ERISA plans are not subject to state continuation coverage requirements. Non-ERISA plans that are self-insured should consult their plan's terms.  Also, policies covering specific diseases or accidental injuries only are not subject to state continuation coverage requirements.
<b>Qualified Beneficiaries</b>	An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.	Any person whose insurance under the group policy would terminate because of the occurrence of a qualifying event.  Continuation coverage is <b>NOT</b> available if: <ul style="list-style-type: none"> <li>• The deceased person or employee was not insured under the group policy on the date of the qualifying event;</li> <li>• The person is covered by Medicare;</li> <li>• The person has other group dental or hospital and medical coverage under which the person was not covered prior to the qualifying event and no preexisting condition exclusion applies; or</li> </ul>

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		<ul style="list-style-type: none"> <li>The person's employment was terminated for misconduct.</li> </ul>
<b>Qualifying Events</b>	<p>Events that trigger an obligation to offer COBRA coverage include:</p> <ul style="list-style-type: none"> <li>Termination of employment for reasons other than gross misconduct (all qualified beneficiaries);</li> <li>Reduction in the number of hours of employment (all qualified beneficiaries);</li> <li>Covered employee's becoming entitled to Medicare (spouse and dependent children);</li> <li>Divorce or legal separation of the covered employee (spouse and dependent children);</li> <li>Death of the covered employee (spouse and dependent children); and</li> <li>Loss of dependent child status under the plan (dependent children).</li> </ul>	<p>Events that trigger an obligation to offer state continuation coverage to qualified beneficiaries include:</p> <ul style="list-style-type: none"> <li>Loss of employment, including reduction in hours;</li> <li>Divorce, dissolution or legal separation of the covered employee from his or her spouse or civil union partner;</li> <li>Death of covered employee/member; and</li> <li>Dependent child ceasing to qualify as a dependent child under the policy.</li> </ul>
<b>Maximum Continuation Period</b>	<p>The maximum duration of COBRA coverage depends on the type of qualifying event, as follows:</p> <p><b>18 months</b> - Employment termination or reduction in hours of work.</p> <p><b>29 months</b> - The Social Security Administration (SSA) determines the qualified beneficiary is disabled during the first 60 days of COBRA coverage. This 11-month extension applies to the qualified beneficiary with the disability and all of the qualified beneficiaries in the family.</p> <p><b>36 months</b> - Divorce or legal separation, employee's death, entitlement to Medicare or loss of dependent child status.</p> <p><b>36 months</b> - After a qualifying event that is an employment termination or a reduction in hours of work, a second qualifying event occurs that is the death of the employee, the divorce or legal</p>	<b>18 months</b>

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	separation of the covered employee and spouse, Medicare entitlement (in certain circumstances) or loss of dependent child status under the plan.	
<b>Early Termination of Coverage</b>	<p>Coverage begins on the date that coverage would otherwise have been lost by reason of a qualifying event and will end at the end of the maximum period. It may end earlier if:</p> <ul style="list-style-type: none"> <li>• Premiums are not paid on a timely basis;</li> <li>• The employer ceases to maintain any group health plan;</li> <li>• After the COBRA election, coverage is obtained with another employer group health plan (including any group health plan of a governmental employer); or</li> <li>• After the COBRA election, a beneficiary becomes entitled to Medicare benefits.</li> </ul>	<p>Coverage begins on the date that insurance under the policy would have terminated due to a qualifying event and lasts for the 18-month maximum coverage period. It may end earlier if:</p> <ul style="list-style-type: none"> <li>• Premiums are not paid on time;</li> <li>• The person is covered by Medicare;</li> <li>• The person is covered by any other group insured or uninsured arrangement that provides group dental coverage or hospital and medical coverage under which the person was not covered immediately prior to occurrence of the qualifying event, and no pre-existing condition exclusion applies; or</li> <li>• The group policy is terminated and not replaced.</li> </ul>
<b>Notice Requirements</b>	<p>Health plan administrators must provide an <b>initial general notice</b> when group health coverage begins. When a qualifying event occurs, health plan administrators must provide an <b>election notice</b> regarding rights to COBRA continuation benefits to each qualifying beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>Qualified beneficiaries must respond to this notice and elect COBRA coverage by the <b>60th day</b> after the written notice is sent or the day health care coverage would end, whichever is later. Additional COBRA notice requirements apply under federal law.</p>	<p>Notice of continuation and conversion privileges must be included in each certificate of coverage.</p> <p>Notice of continuation privilege must be provided by the employer to the employee within 30 days following occurrence of any qualifying event.</p> <p>The person electing continuation coverage must make the election in writing within 60 days of the notification of his or her right to continuation coverage. The initial contribution must accompany the notice of election and must include payment for the period from the qualifying event through the end of the month in which the election is made.</p>
<b>Premium Rules</b>	The maximum amount charged to qualified beneficiaries cannot exceed 102 percent of the plan's total cost of coverage for similarly situated individuals.	Premiums are due on a monthly basis in advance to the insurer. The premiums cannot be more than 102 percent of the group rate for the insurance being

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	<p>For qualified beneficiaries receiving the 11-month disability extension, the premium for those additional months may be increased to 150 percent of the plan's total cost of coverage.</p> <p>Plans must provide at least 45 days after the election for making an initial premium payment. The plan sponsor may establish due dates for later payments, but it must provide a minimum 30-day grace period for each payment.</p>	<p>continued under the group policy on the due date of each payment.</p>
<b>Applicable Statutes</b>	<p>IRC § 4980B, ERISA §601 <i>et seq.</i>, 29 CFR §§ 2590.606–1 through 2590.606–4.</p>	<p>Vermont Stats. Annot. Title 8 §§ 4090a to 4090e</p>
<b>Government Agency Contact</b>	<p>Departments of Labor and Treasury (private sector plans) and Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the <a href="#">Department of Labor</a>.</p>	<p><a href="#">Vermont Department of Financial Regulation</a></p>