



# COBRA — The Continuation of Health Benefits

Information for:  
State Health Benefits Program (SHBP)  
School Employees' Health Benefits Program (SEHBP)

## INTRODUCTION

The federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires that most employers sponsoring group health plans offer employees and their eligible dependents — also known under COBRA as qualified beneficiaries — the opportunity to temporarily extend their group health coverage in certain instances where coverage under the plan would otherwise end. For State Health Benefits' Program (SHBP) and School Employees' Health Benefits Program (SEHBP) participants, COBRA is not a separate health program; it is a continuation of SHBP or SEHBP coverage under the provisions of the federal law.

**Note:** 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) during 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](http://www.healthcare.gov)

## ELIGIBILITY FOR COBRA

Employees enrolled in the SHBP or SEHBP may continue coverage under COBRA, in any plan for which the employee is eligible, if coverage ends because of:

- Reduction in working hours;
- Leave of absence; or
- Termination of employment for reasons other than gross misconduct.

**Note:** Employees who at retirement are eligible to enroll in SHBP or SEHBP Retired Group coverage cannot enroll for health benefit coverage under COBRA.

Spouses, civil union partners, same-sex domestic partners,\* or children under the age of 26 enrolled in the SHBP or SEHBP may continue coverage under COBRA, in any plan for which the employee is eligible, if coverage ends because of:

- Death of the employee;
- End of the employee's coverage due to a reduction in working hours, leave of absence, or termination of employment for reasons other than gross misconduct;
- Divorce or legal separation of the employee and spouse;
- Dissolution of a civil union or domestic partnership; or
- Election of Medicare as the employee's primary insurance carrier (requires dropping the group coverage carried as an active employee).

**Note:** Each qualified beneficiary may independently elect COBRA coverage to continue in any or all of the coverage you had as an active employee or dependent (medical, prescription drug, dental, and/or vision). You and/or your dependents may change your medical and/or dental plan when you enroll in COBRA. You may also elect to cover the same dependents you had as an active employee, or you can delete dependents to reduce your level of coverage. However, you cannot increase the level of your coverage, except during the annual Open Enrollment period, unless a qualifying event occurs (e.g., birth, adoption, marriage, civil union, domestic partnership) and you notify the New Jersey Division of Pensions & Benefits (NJDPB) COBRA Administrator within 60 days of the qualifying event.

*\*For more information about health benefits for civil union or domestic partners, including eligibility requirements, see the Civil Unions and Domestic Partnerships Fact Sheet.*

## DURATION OF COBRA COVERAGE

The length of your COBRA coverage continuation depends on the nature of the COBRA-qualifying event that entitled you to the coverage.

- For loss of coverage due to termination of employment, reduction of hours, or leave of absence, the employee and/or dependents are entitled to 18 months of COBRA coverage. Time on a leave of absence just before enrollment in COBRA, unless under the federal and/or State Family Leave Act, counts toward the 18-month period and will be subtracted from the 18 months. Time a member spends on federal or State leave will not count as part of the COBRA eligibility period.
- If you receive a Social Security Disability determination for an illness or injury you had when you enrolled in COBRA or incurred within 60 days of enrollment, you and your covered dependents are entitled to an extra 11 months of COBRA coverage (up to a maximum of 29 months). You must provide proof within 60 days of the disability determination from the Social Security Administration or within 60 days of COBRA enrollment.
- For loss of coverage due to the death of the employee, divorce or legal separation, dissolution of a civil union or domestic partnership, other dependent ineligibility, or Medicare entitlement, the continuation term for dependents is 36 months.

## COST OF COVERAGE

You are responsible for paying the cost of your coverage under COBRA, which is the full group rate plus a two percent administrative fee. The NJDPB will bill you on a monthly basis.

## EMPLOYEE / QUALIFIED BENEFICIARY RESPONSIBILITIES UNDER COBRA

The law requires that employees and/or their dependents:

- Keep the employer and the NJDPB informed of any changes to the address information of all possible qualified beneficiaries;
- Notify the employer that a divorce, legal separation, dissolution of a civil union or domestic partnership, or the death of the employee has occurred — notification must be given within 60 days of the date the event occurred. If you do not inform your employer of the change in dependent status within the 60-day requirement, you may forfeit your dependent's right to COBRA;
- Apply on Benefitsolver (State employees only) or submit a *COBRA Application* within 60 days of the loss of coverage or the date of the *COBRA Notice* provided by the employer, whichever is later;
- Pay the required monthly premiums in a timely manner;
- Pay premiums, when billed, retroactive to the date of group coverage termination;
- Notify the NJDPB COBRA administrator, in writing, of any second qualifying event that results in an extension of the maximum coverage period. See the "Duration of COBRA Coverage" section; and
- Provide notice of any determination that a qualified beneficiary who had received a disability extension is no longer disabled. This notice must be sent to the NJDPB COBRA Administrator within 30 days of determination by the Social Security Administration. Failure to provide timely notification may result in adjustments to any claims paid erroneously.

## EMPLOYER RESPONSIBILITIES UNDER COBRA

The COBRA law requires employers to:

- Notify employees and their dependents of the COBRA provisions within 90 days of when the employee/dependents are first enrolled in the SHBP or SEHBP by mailing a notification letter to the home address;
- Send the *COBRA Notice* and a *COBRA Application* (or instructions to log into Benefitsolver for State employees) within 14 days of receiving notice that a COBRA-qualifying event has occurred. The notice outlines the right to purchase continued health coverage, gives the date coverage will end, and the period of time over which coverage may be extended;
- Notify the NJDPB within 30 days of the date of an employee's/dependent's qualifying event or loss of coverage. An employee's loss of coverage is reported by completing a *Transmittal of Deletions Sheet*. A dependent's loss of coverage is reported through the NJDPB's receipt of a completed *Health Benefits Enrollment and/or Change Form* terminating the dependent's coverage; and
- Maintain records documenting their compliance with the COBRA law.

## ENROLLING IN COBRA COVERAGE

The process for enrolling in coverage is different based on your employer:

- State employees must apply using Benefitsolver.
- Local Education or Local Government employees must submit a COBRA Application to the Health Benefits Bureau of the NJDPB.

The application must be filed within 60 days of the loss of coverage or of the date of employer notification, whichever is later. Failure to submit the application within the time frame allowed by law is considered a decision not to enroll.

This application must be filed within 60 days of the loss of coverage or of the date of employer notification, whichever is later. Failure to submit the application within the time frame allowed by law is considered a decision not to enroll.

If you are retiring, you may be eligible for lifetime health, prescription drug, and dental coverage through the Retired Group of the SHBP or SEHBP. If you are eligible for Retired Group coverage, you are not eligible to continue coverage under COBRA. Consult your employer or the NJDPB prior to your retirement date.

## FAILURE TO ELECT COBRA COVERAGE

In considering whether to elect continuation of coverage under COBRA, a qualified beneficiary should take into account that a failure to continue group health coverage will affect future rights under federal law.

You have the right under federal law to request special enrollment in another group health plan for which you are otherwise eligible, such as a plan sponsored by your spouse's/partner's employer, within 30 days of the date your group coverage ends. You will also have the same special enrollment right at the end of the COBRA coverage period provided the continuation of coverage under COBRA is for the maximum time available to you.

## AFTER YOU HAVE ENROLLED IN COBRA

You should be aware of the following information after you have enrolled in COBRA:

- Bills will be sent from the NJDPB Health Benefits Bureau. Any billing questions must be referred to the:

## New Jersey Division of Pensions & Benefits

**COBRA Administrator**

**Health Benefits Bureau**

**P.O. Box 299**

**Trenton, NJ 08625-0299**

or you may call the NJDPB Office of Client Services at (609) 292-7524.

- You will be billed monthly. Accounts delinquent over 45 days will be closed and insurance coverage terminated retroactively to the date of last payment, or to the end of the month in which claims were submitted. If you do not receive a monthly bill or misplace it, contact the Office of Client Services. It is your responsibility to make payment on a timely basis.
- Once you are enrolled in COBRA, claims are handled just like active employee claims (i.e., using the same claim forms and procedures). However, you must indicate your status as a COBRA participant on all claim forms; this will help prevent claim processing issues. All COBRA premiums must be paid through the date of the claim in order for the claim to be processed. Questions about claims should be directed to the insurance carriers. The single exception is that vision plan claims are sent directly to the COBRA Administrator at the address previously shown.
- Plan administration under COBRA follows the same rules as for active employees. However, all activity is processed through the COBRA Administrator rather than the former employer. COBRA subscribers are permitted to change medical and/or dental plans and/or add coverage during the annual Open Enrollment period through the COBRA Administrator. All COBRA enrollees will receive Open Enrollment information mailed directly to their address on file with the SHBP or SEHBP.

- All changes in coverage due to a qualifying event must be made in writing to the COBRA Administrator at the address previously provided. Upon receipt of your letter, you will be sent a *COBRA Application*. To increase coverage, you have 60 days from the date of the qualifying event to make the change. • To change plans because you have moved out of your plan's service area, you have 30 days to make the change.
- These changes must be requested within the specified time frames, otherwise they may only be made during the Open Enrollment period. You may decrease your coverage (delete a dependent) at any time, but not retroactively.

## TERMINATION OF COBRA COVERAGE

Your COBRA benefits under the SHBP or SEHBP will terminate for any of the following reasons:

- Your employer (or former employer) no longer provides SHBP or SEHBP coverage to any of their employees. In this case, your employer will give you the opportunity to continue COBRA coverage through their new insurance plan for the balance of your COBRA continuation period;
- You become eligible for Medicare after you elect COBRA coverage (affects medical insurance coverage only; does not affect dental, prescription drug, or vision care coverage);
- You voluntarily cancel your coverage;
- You fail to pay your premiums; or
- Your eligible coverage continuation period ends.

## CONVERSION OF COBRA COVERAGE

The COBRA law provides that you must be allowed to convert your coverage to an individual, non-group policy of the same health plan provided under the SHBP or SEHBP at the end of your COBRA enrollment period. You must complete your full coverage continuation period. Contact the health plan for details.

**Note:** There are no conversion provisions for prescription drug or dental coverage.

## **A NOTE ABOUT COVERAGE FOR CHILDREN AGE 26 UNTIL AGE 31**

The NJDPB has specific guidelines about providing health coverage to children past the age of 26 until age 31 due to the enactment of P.L. 2005, c. 375 (Chapter 375). A child who attains age 26 and needs continued coverage can select either COBRA coverage or Chapter 375 coverage for medical benefits. Rates for COBRA coverage and Chapter 375 coverage can change annually; be sure to compare the rates prior to enrolling in either program.

**Note:** If the child opts to enroll in Chapter 375, he/she will not be permitted to enroll in COBRA once enrollment in Chapter 375 terminates.

Chapter 375 does not cover vision or dental benefits. If your child wishes to obtain those coverages, he/she must apply for them under COBRA.

The eligibility requirements for Chapter 375 are outlined in the *Health Benefits Coverage of Children Until Age 31 Under Chapter 375* Fact Sheet, which is available on our website.

## **MORE INFORMATION**

If you need additional information about COBRA, see your human resources representative or benefits administrator, contact NJDPB Office of Client Services at (609) 292-7524, or send an email to: ***pensions.nj@treas.nj.gov***

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*This fact sheet has been produced and distributed by:*

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