



# COBRA

# ILLINOIS

## Comparison of Federal and Illinois Continuation Laws

	FEDERAL (COBRA)	ILLINOIS
<b>Covered Employers and Plan Coverage</b>	<p>Group health plans maintained by private-sector employers with <b>20 or more employees</b>, employee organizations, or state or local governments.</p> <p>Coverage must be identical to that available to similarly situated beneficiaries who are not receiving COBRA coverage under the plan (generally, the same coverage that the qualified beneficiary had immediately before qualifying for continuation coverage).</p>	<p>Fully-insured group health plans and Health Maintenance Organizations of any size; coverage need only include hospital, surgical and/or major medical benefits.</p> <p>Policies that provide for dependent coverage and are issued, renewed or amended after June 1, 2009, must include extended dependent coverage as described below. This includes dental and vision coverage.</p>
<b>Qualified Beneficiaries (Employee / Dependents)</b>	<p>An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event.</p> <p>In certain cases, a retired employee, the retired employee's spouse and the retired employee's dependent children may be qualified beneficiaries.</p> <p>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.</p> <p>Agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.</p>	<p>Generally, individuals covered by group health plan for a minimum of three months prior to loss of coverage – either an employee, the employee's spouse or an employee's dependent child.</p>
<b>Continuation Period</b>	<p><b>18 months</b> - COBRA beneficiaries generally are eligible for group coverage during a maximum of 18 months for qualifying events due to employment termination or reduction of hours of work.</p> <p><b>29 months</b> - Disability can extend the 18-month period of continuation coverage for a qualifying event that is a termination of employment or reduction of hours. If certain requirements are met, the entire family qualifies for an additional 11 months of COBRA continuation coverage. Plans can charge 150% of the premium cost for the extended period of coverage.</p>	<p><b>12 months</b> – Qualified beneficiaries that lose coverage due to termination or reduction in hours.</p> <p><b>24 months</b> - Spouses and dependents following the death of the covered employee</p> <p><b>24 months</b> - Spouses who are divorced or legally separated from the covered employee</p> <p>Unmarried dependents may be eligible for continued coverage</p>

	<p><b>36 months</b> - Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.</p> <p><b>36 months</b> - Under COBRA, participants, covered spouses and dependent children may continue their plan coverage when they would otherwise lose coverage due to divorce (or legal separation) for a maximum of 36 months.</p>	<p>under the plan until age 26 (age 30 for military veteran dependents).</p>
<p><b>Qualifying Events</b></p>	<p><b>Qualifying Events for Employees:</b></p> <ul style="list-style-type: none"> <li>• Voluntary or involuntary termination of employment for reasons other than gross misconduct (18 months)</li> <li>• Reduction in the number of hours of employment (18 months)</li> </ul> <p><b>Qualifying Events for Spouses:</b></p> <ul style="list-style-type: none"> <li>• Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct (18 months)</li> <li>• Reduction in the hours worked by the covered employee (18 months)</li> <li>• Covered employee's becoming entitled to Medicare (36 months)</li> <li>• Divorce or legal separation of the covered employee (36 months)</li> <li>• Death of the covered employee (36 months)</li> </ul> <p><b>Qualifying Events for Dependent Children:</b></p> <ul style="list-style-type: none"> <li>• Loss of dependent child status under the plan rules (36 months)</li> <li>• Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct (18 months)</li> <li>• Reduction in the hours worked by the covered employee (18 months)</li> <li>• Covered employee's becoming entitled to Medicare (36 months)</li> <li>• Divorce or legal separation of the covered employee (36 months)</li> <li>• Death of the covered employee (36 months)</li> </ul>	<p><b>Qualifying Events for Employees:</b></p> <p>Voluntary or involuntary termination of employment for reasons other than a conviction for or confession of an employment-related felony (12 months)</p> <p>Reduction in hours (12 months)</p> <p><b>Qualifying Events for Spouses:</b></p> <p>Voluntary or involuntary termination of the covered employee's employment for reasons other than a conviction for or confession of an employment-related felony (12 months)</p> <p>Divorce or legal separation of the covered employee (24 months)</p> <p>Death of the covered employee (24 months)</p> <p><b>Qualifying Events for Dependent Children:</b></p> <p>Voluntary or involuntary termination of the covered employee's employment for reasons other than a conviction for or confession of an employment-related felony (12 months)</p> <p>Divorce or legal separation of the covered employee (24 months)</p> <p>Death of the covered employee (24 months)</p>

<p><b>Eligibility</b></p>	<p>To be eligible for COBRA coverage, must have been enrolled in employer's health plan when employed and health plan must continue to be in effect for active employees. COBRA continuation coverage is available upon the occurrence of a qualifying event that would, except for the COBRA continuation coverage, cause an individual to lose his or her health care coverage.</p>	<p>To be eligible for continuation coverage, the employee must have been continuously covered for a minimum of 3 months prior to termination; the employee must not be covered by Medicare or any other group hospital, surgical or medical coverage.</p> <p>To be eligible for extended dependent coverage, dependents must be unmarried and under age 26. Military dependents must be unmarried, under age 30, live in Illinois, have served in active or reserve U.S. Armed Forces and received a release or discharge other than a dishonorable discharge. Dependents need not be a tax dependent or enrolled in an educational institution to be eligible for extended coverage.</p>
<p><b>Notice Requirements</b></p>	<p>Health plan administrators must provide an <b>initial general notice</b> when group health coverage begins.</p> <p>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>Employers must notify their plan administrators within 30 days after an employee's termination or after a reduction in hours that causes an employee to lose health benefits.</p> <p>The plan administrator must provide notice to individual employees of their right to elect COBRA coverage (election notice) within 14 days after the administrator has received notice from the employer.</p> <p>Employee 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 ceased, whichever is later. Otherwise, employee will lose all rights to COBRA benefits.</p> <p>Spouses and dependent children covered under such health plan have independent rights to elect COBRA coverage upon employee's termination or reduction in hours.</p>	<p>Employers must notify employees of their continuation coverage rights in writing within 10 days of termination of employment or reduction in hours. Notice must also be provided to the appropriate insurer.</p> <p>Employees must elect continuation coverage in writing within 30 days of the earlier: (1) the date of employment termination; or (2) the date on which the employee is given notice of the right to continuation coverage. In no event may the employee elect continuation coverage more than 60 days after the date of employment termination.</p>

<b>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 that does not contain any exclusion or limitation with respect to any pre-existing condition of the beneficiary. However, if other group health coverage is obtained prior to the COBRA election, COBRA coverage may not be discontinued, even if the other coverage continues after the COBRA election.</li> <li>• After the COBRA election, a beneficiary becomes entitled to Medicare benefits. However, if Medicare is obtained prior to COBRA election, COBRA coverage may not be discontinued, even if the other coverage continues after the COBRA election.</li> </ul>	<p>Continuation coverage must be provided for a period of 12 months from the date coverage would have been lost. Coverage may terminate earlier if the:</p> <ul style="list-style-type: none"> <li>• Employee becomes eligible for Medicare;</li> <li>• Employee becomes covered by any other group medical, hospital or surgical plan;</li> <li>• Employee fails to pay premiums in a timely manner; or</li> <li>• Group plan is terminated and not replaced.</li> </ul>
<b>Conversion Rights</b>	<p>Some plans allow participants and beneficiaries to convert group health coverage to an individual policy. If this option is generally available from the plan, a qualified beneficiary who pays for COBRA coverage must be given the option of converting to an individual policy at the end of the COBRA continuation coverage period. The option must be given to enroll in a conversion health plan within 180 days before COBRA coverage ends. The premium for a conversion policy may be more expensive than the premium of a group plan, and the conversion policy may provide a lower level of coverage. The conversion option, however, is not available if the beneficiary ends COBRA coverage before reaching the end of the maximum period of COBRA coverage.</p>	<p>Plans must allow participants in continuation coverage the option to convert to an individual policy during the continuation period.</p>
<b>Other</b>		<p>Illinois has three continuation laws: Illinois Continuation; Illinois Spousal Continuation; and Dependent Continuation. The latter two contain special rate calculation for spouses 55 or over and for dependents. Employers are not required to pay the cost of dependent coverage for young</p>

		adults under the extended dependent coverage law.
<b>Applicable Statutes</b>	IRC § 4980B, ERISA §601 <i>et seq.</i>	215 ILCS 5/367e, 215 ILCS 5/367.2, 215 ILCS 5/367.2-5, 215 ILCS 5/356z.12
<b>Government Agency Contact</b>	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 Department of Labor at: <a href="http://www.dol.gov/dol/topic/health-plans/cobra.htm">www.dol.gov/dol/topic/health-plans/cobra.htm</a> .	<a href="#">Office of Consumer Health Insurance</a> (877) 527-9431

*This Chart is provided to you for general informational purposes only. It broadly summarizes state and federal statutes, but does not include references to other legal resources (for example, supporting regulations, or formal or informal opinions of state offices of commissioners of insurance) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plans.*

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