North Carolina
DEPARTMENT OF INSURANCE

A CONSUMER'S GUIDE TO

HEALTH INSURANCE CONTINUATION RIGHTS

STATE CONTINUATION

Our state continuation laws allow terminated employees and members to continue coverage under their employer's group health plan when they terminate employment or lose their eligibility under the plan. State Continuation applies to fully insured plans purchased in North Carolina.

Under State Continuation guidelines, employees who terminate employment for any reason, or whose hours are reduced, or loses eligible employee status may continue their basic health insurance coverage for up to 18 months. Upon termination or loss of eligible status, dependants covered by the policy will also be able to continue coverage for 18 months. Unlike COBRA, State Continuation laws do not provide for extensions of coverage beyond 18 months under any circumstances.

For information concerning the Federal COBRA continuation law, refer to the FEDERAL LAW section of this brochure.

ELIGIBILITY

Continuation is available for any employee or covered individual who has been continuously insured for three consecutive months (immediately preceding the date of termination from the employer's group policy) under that same employer's group policy, or under a combination of the employer's group policy and any other group policy that the employer's policy replaced.

Continuation is not available to anyone who is or could be covered by any similar employer or governmental plan for hospital, surgical, or medical coverage within 31 days immediately following the date of termination, regardless of whether or not the new coverage is elected.

BENEFITS

Hospital, surgical or major medical benefits must be offered under State Continuation. Dental, vision care and prescription drug benefits are not subject to State Continuation guidelines if offered separately..

NOTIFICATION

Each individual certificate of coverage must include a notice of your right to continue your group health insurance policy. Notification may also be included on insurance identification cards.

Although not required, the employer may give notice orally or in writing as a part of the exit process from employment.

HOW TO ELECT STATE CONTINUATION

The employee or member must request continuation in writing. This is usually accomplished by completing a form furnished by the employer. The employee or member may elect continuation, for a period of at least 60 days, after the date of termination or loss of eligibility.

All premiums required to bring the coverage current must be paid to the employer, upon the election to continue coverage. The coverage shall be reinstated retroactive to the date of termination or loss of eligibility. All subsequent continuation premiums must be paid to the employer in advance.

Premiums cannot be more than the full group rate plus a two-percent administration fee. (PLEASE NOTE: There is no requirement for the employer to subsidize or contribute any portion of the continuation premiums.) Also, there is NO GRACE PERIOD FOR PREMIUM PAYMENTS, therefore, premiums must be paid on or before each due date. However, individuals on State Continuation must be allowed to pay premiums on a monthly basis. In other words, a participant cannot be required to pay premiums on a quarterly, semi-annual or annual basis.

TERMINATION

State Continuation will end on the earliest of the following dates:

- 18 months after the beginning date of state continuation;
- The date ending the period for which the continuation participant last makes his/her premium payment.
- The date the continuation participant becomes or is eligible to become covered for similar benefits under any form of group health coverage, whether they elect coverage or not;
- The date which the group policy is terminated or, in the case of a multiple employer health plan, the date the employer terminates participation under the group master policy. If the employer replaces the group policy with another group policy, the continuation participant is entitled to continue under the successor group policy for any unexpired period of continuation.

RIGHTS AND RESPONSIBILITIES

THE EMPLOYER IS RESPONSIBLE FOR:

- Offering health insurance continuation to all eligible employees and dependents as required by State law;
- Furnishing all necessary continuation forms to eligible participants so that a written election of continuation can be made; and
- Accepting and remitting premium payments to the insurance company in accordance with plan guidelines.

THE EMPLOYEE HAS THE RIGHT TO RECEIVE:

- Notification of his or her continuation rights;
- All necessary forms needed to apply for continuation; and
- The opportunity to continue his or her health insurance coverage in accordance with state law.

THE EMPLOYEE IS RESPONSIBLE FOR:

- Requesting continuation from the employer;
- Completing and submitting all required continuation forms to the employer;
- Paying premiums on time and in a manner satisfactory to the employer (IMPORTANT REMINDER: THERE IS NO PREMIUM PAYMENT GRACE PERIOD AFTER THE DUE DATE); and
- Being aware of all plan guidelines and continuation rules.

FEDERAL LAW

Federal COBRA Continuation law applies to employer groups covering 20 and more employees. This law generally allows eligible enrollees the right to continue under the employer group health plan for up to 18 months. The continuation period can be extended beyond the 18-month period in some situations. COBRA continuation law applies to both insured and self-funded plans; however, it does not apply to church plans, plans covering less than 20 employees, and plans covering federal employees.

Detailed information concerning your rights under the Federal COBRA laws can be obtained from the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor, at (866) 444-3272, or www.dol.gov/ebsa.

FREQUENTLY ASKED QUESTIONS

Will the terms and provisions of my health insurance change while on State Continuation?

You will be covered on the same basis as if your employment status had not changed.

What happens at the end of the continuation period?

You may be able to convert your coverage to an individual policy under the state conversion provisions. You may also be eligible for an individual guaranteed issue health insurance policy (HIPAA* plan), in the event you are not eligible for other group coverage or Medicare.

What happens if the employer cancels the group policy or goes out of business

The right to continue your group health insurance will cease.

What happens if the employer switches to a new health insurance company and/or plan?

If the employer replaces the group policy with another group policy, the continuation participant is entitled to continue under the successor group policy for any unexpired period.

* Health Insurance Portability and Accountability Act

IF YOU HAVE QUESTIONS, THE CONSUMER SERVICES DIVISION OF THE DEPARTMENT OF INSURANCE IS HERE TO HELP.

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You can find additional information as well as a downloadable copy of our **Request for Assistance** form on the NCDOI Web site.

NC Department of Insurance | Mike Causey, Commissioner | www.ncdoi.com