

## **Your Rights Under Job-Based Coverage**

Most types of insurance - including life insurance, property & casualty insurance, and individual health insurance policies – are regulated at the state level. This means that each state makes the laws and regulations that insurance companies must follow when doing business in that state.

Job-based group health coverage, however, is regulated by the federal government. This means that everybody in the U.S. who gets their health insurance through their job enjoys the same rights and protections. These protections have been established through a series of federal statutes.

### **ERISA**

Back in 1974, Congress enacted the Employee Retirement Income Security Act, or ERISA. ERISA regulates all types of employee benefits, including pensions, retirement plans, and job-based group health insurance plans.

Because of ERISA, all employees covered under job-based health insurance plans have the right to disclosure of certain health plan information. Health plan administrators must offer enrollees information about the plan, including plan rules, financial information, and documents on the operation and management of the plan.

If the employee or dependent lost coverage due to any other Qualifying Event, COBRA coverage will last for up to 36 months.

Employees who elect COBRA coverage must pay up to 102% of the premium paid by the employer to the insurance company for their coverage.

### **COBRA**

The Consolidated Omnibus Budget Reconciliation Act of 1985 enhanced job-based group health plans by requiring employers with 20 or more employees to offer continuation coverage to employees leaving the health plan for certain reasons. COBRA must be offered to the employee and/or dependents of the employee which are covered on the plan at the time one of the following Qualifying Events occurs:

- Termination of employment (unless termination is for gross misconduct)
- Reduction in hours worked
- Death of Employee
- Employee qualifies for Medicare

- Divorce or legal separation
- Dependent child losing eligibility

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## **HIPAA**

The Health Insurance Portability and Accountability Act of 1996 made the most comprehensive changes to job-based health insurance coverage. HIPAA helps people get and keep health coverage by making it easier to qualify for coverage through their job, and helping them stay covered as they transition in and out of job-based coverage.

Some of the important protections offered by HIPAA are:

- Nondiscrimination –If an employer offers health insurance as part of its benefits package, it must offer that plan to all employees, regardless of health status. This is true no matter how many employees are in the company.
- Limits on Pre-existing Condition Exclusion Periods
- The plan may exclude coverage for existing medical conditions “for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period ending on the enrollment date”
- The exclusion period may only last for up to 12 months (18 months if you are a late enrollee)
- The exclusion period may be reduced by the amount of time you spent under prior creditable coverage:
- Virtually any type of coverage you had previously could count as prior creditable coverage, including job-based coverage, an individual policy, Medicare, Medicaid, and state high risk pool coverage.
- This prior creditable coverage *does not count if it ended more than 63 days prior to enrollment in the current health plan.*
- Guaranteed Renewability – under HIPAA, all coverage must be renewed each year, no matter how many claims you make.