

What Can I Do if I Lose My Group Health Insurance?



A Publication of the
Maine Bureau of Insurance

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WHAT CAN I DO IF I LOSE MY GROUP HEALTH INSURANCE?

If you have health insurance through your employer or a family member's employer, you could lose it in one of the following ways:

- The employer terminates the plan.
- The employee leaves his or her job or retires.
- You are covered through your spouse's employer and your spouse dies or you get divorced.
- You are covered through a parent's employer and you become too old to qualify as a dependent child or your parent dies.

When any of these things happen, you have several options for obtaining new coverage or, in some cases, continuing your existing coverage. This brochure will explain your options, and the advantages and disadvantages of each.

Employer Plans

If you change jobs, your new employer may have a health insurance plan. Your spouse's employer may also have a health insurance plan. Since some employers may pay a large portion of the premium, coverage under an employer's plan may be your best option. However, you should compare the benefits and the cost of the employer's health plan to the cost and benefits of your other options.

See the "Continuity/Portability" section of this brochure for information on coverage of pre-existing conditions. You should be cautious about leaving a gap in coverage. For example, you will only have 30 days to enroll in your spouse's health plan.

Individual (Non-Group) Coverage

Several insurers offer health insurance to individuals or families. You may not be denied coverage *unless* you are eligible for Medicare. The Bureau of Insurance publishes a **Consumer's Guide to Individual Health Insurance** that gives more information about these policies and includes a list of insurers and sample rates. The brochure is available on our web site (www.maine.gov/insurance) or by calling us at: 800-300-5000 (in state) or 207-624-8475.

See the "Continuity/Portability" section of this brochure for information on coverage of pre-existing conditions.

It can be difficult to determine whether your plan is an insured plan or a self-insured plan. You may want to check with your employer or plan administrator. If you are still not sure, the Bureau of Insurance can help you. Contact us:

Write: **Bureau of Insurance
34 State House Station
Augusta ME 04333**

Email: **Insurance.PFR@maine.gov**

Call: **(800) 300-5000 (in state) or
(207) 624-8475**



- You were covered under your spouse's group health plan, you lost coverage due to termination of the plan or due to your spouse's termination of employment, your spouse's death, or divorce, and you apply for coverage under your employer's health insurance plan within 30 days.
- You apply for individual coverage, or for group coverage, within 90* days of the termination of your prior coverage. The prior coverage may be group coverage, individual coverage, an employer's self-insured plan, or a government program.

*The 90-day gap allowed between periods of coverage is extended to 180 days if: 1) you lost your prior coverage due to unemployment; 2) you received unemployment benefits; and 3) you are employed when you apply for the new coverage.

Self-insured Plans

Slightly different rules apply if your coverage is a *self-insured plan*.

A self-insured plan is a plan in which the employer itself is responsible for paying covered health care costs for participating employees and family members. Claims may be administered by an insurance company, but there is no insurance policy involved. A self-insured plan is not a health insurance plan. Self-insured plans are generally only used by larger employers.

Under federal law called ERISA (Employee Retirement Income Security Act), self-insured plans are exempt from state insurance laws. However, they are subject to a federal law called the Health Insurance Portability and Accountability Act (HIPAA). HIPAA provides protections similar to Maine's continuity law. The primary differences are:

- The allowable gap in coverage between when your prior coverage ends and when you start work for the self-insured employer can be no more than 63 days rather than 90 days.
- Enforcement of the requirements under ERISA is the responsibility of the U.S. Department of Labor rather than the Maine Bureau of insurance. See the COBRA section of this brochure for contact information (page 4).

Group Coverage for Self-Employed Individuals

Any insurer that does not offer individual coverage, but does offer group coverage to small businesses (those with 50 or fewer employees), must also offer group coverage to self-employed individuals and their families, even if they have no other employees. The Bureau of Insurance publishes a **Consumer's Guide to Small Employers' Health Insurance** that gives information about available policies and includes a list of insurers and sample rates. The brochure is available on our web-site (www.maine.gov/insurance) or by calling us at: 800-300-5000 (in state) or 207-624-8475.

See the "Continuity/Portability" section of this brochure for information on coverage for pre-existing conditions.

DirigoChoice

DirigoChoice was created as part of the Dirigo Health Reform Act, which is intended to lower health care costs, increase access to health care, and ensure high quality health care. DirigoChoice is a health insurance plan available to small employers and individuals through Harvard Pilgrim Health Care. Participation is voluntary. Everyone is eligible, and those with incomes less than three times the federal poverty level qualify for reduced premiums and deductibles. Further information is available on the Dirigo web site at <http://www.dirigohealth.maine.gov/> or from Harvard at 1-877-213-5225 (1-877-213-5556 TTY).

Medicaid (also known as MaineCare) and Cub Care

If your income is low and you meet other eligibility requirements, you can receive comprehensive health care at no charge through Medicaid (MaineCare). Children not qualifying for Medicaid (MaineCare) may qualify for Cub Care. For more information on these programs, call 1-877-543-7669 or your regional office of the Department of Human Services.



COBRA

COBRA stands for the "Consolidated Omnibus Budget Reconciliation Act." This is a federal law that applies to employers that have a health plan and have 20 or more employees. COBRA requires employers to permit persons who lose their eligibility for the plan to stay covered under the plan at their own expense for a temporary period.

If you leave your job, either voluntarily or involuntarily, you and any covered dependents can stay on the health plan for 18 months. If you were covered

as a dependent, you can continue on the plan for 36 months if:

- Your spouse dies.
- You are divorced or legally separated.
- You become too old to qualify as a dependent child.
- The employee becomes eligible for Medicare.

Please Note: COBRA coverage may end sooner than the 18 or 36 month limit if the employer goes out of business or no longer offers a health plan. However, if the employer changes insurers, you will still be eligible under the new plan. COBRA coverage may also end if you become eligible for coverage through your new employer with no pre-existing condition limitation. COBRA may not be available if the employer's plan uses a network of medical providers and you move outside the area served by the network.

When you are eligible for COBRA coverage, the employer must notify you. If you want this coverage, you **must** respond within 60 days after the event that made you eligible (such as termination of employment or the death of your spouse). You will have an additional 45 days to make the first premium payment.

If you choose COBRA coverage, you must pay the full premium plus a 2% administrative charge. The "full premium" includes not only the amount you were paying for coverage under the health plan as an employee, but also includes the amount the employer was contributing.

At the end of the COBRA period, you will be able to choose one of the other options listed in this brochure, such as individual coverage.

This is only a brief summary of the provisions of COBRA. If you have questions about this federal law, contact the Boston office of the U.S. Department of Labor at:

U.S. Department of Labor
Pension & Welfare Benefit Administration
JFK Building Room 575
Boston, MA 02203

Telephone: (617) 565-9600

Continuation

If you are not eligible for COBRA because your employer does not have

20 employees, you may still be able to continue your coverage for up to 12 months under Maine State law. If you terminate employment due to a temporary lay-off or due to an injury for which you claim Workers' Compensation, you can continue health insurance coverage under your employers' plan for yourself and/or any covered dependents.

You must elect coverage within 31 days following termination of employment. As with COBRA, you must pay 102% of the full premium (full premium plus 2% administrative cost). At the end of the coverage period, you will be able to choose one of the other options, such as individual coverage.

Continuity/Portability of Coverage

Insured Plans

An *insured plan* is a plan in which an insurance company or HMO is responsible for paying covered health care costs for participating employees and family members. The insurance contract is regulated by the Maine Bureau of Insurance if the workplace is in Maine.

Maine has a health insurance continuity law to protect you when you change health insurance plans. If you were covered under a prior health plan, or a government program like Medicaid, you cannot be denied coverage under the new plan, and you cannot have any **pre-existing health condition** excluded if it was covered under the prior plan.

The continuity law applies to all of the following situations:

- You were covered by your former employer's health insurance or self-insured plan (either as an employee or through COBRA) and within 90* days you go to work for a new employer who has a health insurance plan.
- You were covered by an individual policy or by Medicaid or another government program and within 90* days you go to work for an employer who has a health insurance plan.
- Your employer changes insurance companies.
- You were covered under your employer's health plan, you lost coverage due to termination of the plan or due to termination of employment, and you apply for coverage under your spouse's group health insurance plan within 30 days.

*The 90-day gap allowed between periods of coverage is extended to 180 days if: 1) you lost your prior coverage due to unemployment; 2) you received unemployment benefits; and 3) you are employed when you apply for the new coverage.