

Employer Group Overview of Massachusetts Continuation of Coverage

Massachusetts law requires employees of small groups (2-19 employees) to be offered Massachusetts Continuation of Coverage (“MA COC”). Tufts Health Plan has delegated to small group employers the obligation to notify employees who elect Tufts Health Plan coverage of their MA COC rights, and to administer MA COC for qualified beneficiaries who elect coverage. This document provides an overview of MA COC and your requirements as a small group employer. Detailed information is available in the Important Information about Your Massachusetts Continuation of Coverage Rights notice.

What is MA COC?

A federal law called the Consolidated Omnibus Budget Reconciliation Act, or COBRA, requires employers or sponsors of certain group health plans to offer continuation coverage to qualified beneficiaries who lose their coverage due to a qualifying event.

Because COBRA only applies to employers with 20 or more employees, many states, including Massachusetts have similar laws that apply to smaller groups. The MA COC law makes continuation coverage available to employees of fully insured employers, located in Massachusetts with 2-19 employees.

Who is eligible for MA COC through Tufts Health Plan?

Employees, their spouses and/or dependents that have a qualifying event, which causes a loss of group health coverage, are eligible for MA COC. Such employees, spouses, and dependents are referred to collectively as qualified beneficiaries.

Employees of self-funded accounts, and the spouses and dependents of those employees, are not eligible.

To be eligible to convert to MA COC through Tufts Health Plan, the employer group must already be providing coverage through Tufts Health Plan. Also, if required by the plan design (e.g. HMO), the qualified beneficiary must also reside in Tufts Health Plan’s service area.

What are qualifying events and what is duration of continuation coverage for qualified beneficiaries?

Qualifying events are events that cause the qualified beneficiary to lose coverage under the group plan. The grid below lists all qualifying events, the corresponding qualified beneficiary for each, and the applicable length of time continuation of coverage lasts:

Qualifying Event	Who is eligible for coverage “Qualified Beneficiary”	Duration of continuation coverage:
Subscriber’s employment ends, (for any reason other than gross misconduct), or hours are reduced	Subscriber Spouse Dependent children	Up to 18 months
Divorce or legal separation	Spouse Dependent children	Up to 36 months
Death of subscriber	Spouse Dependent children	Up to 36 months
The child stops being eligible for coverage under the plan as a dependent child, i.e. aging out	Dependent child	Up to 36 months
Subscriber becomes entitled to Medicare benefits (under Part A, Part B, or both)	Spouse Dependent children	Up to 36 months
Chapter 11 Bankruptcy	Retiree	For life

proceedings (for plans that extend coverage to retirees)	----- Spouse Dependent Children	----- Until the retiree dies, then up to 36 months
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Can the duration of continuation coverage be extended?

The maximum length of coverage allowed through Tufts Health Plan is 36 months (with the exception being employer bankruptcy reorganization).

In two instances, the 18 months of continuation coverage can be extended:

1. Coverage may be extended up to a maximum of 29 months for the subscriber, spouse and dependent children if the Social Security Administration determines either the subscriber, spouse, or a dependent child is disabled. The qualified beneficiary would need to notify the employer of the disability, the disability would have to have started at some time before the 60th day of MA COC, and the disability must last at least until the end of the 18 month period of continuation coverage.
2. If the spouse or a dependent child experiences another qualifying event while receiving 18 months of MA COC, they may be eligible for an additional 18 months of continuation coverage, for a maximum of 36 months. The qualified beneficiary may be responsible to provide notice of the second qualifying event to the employer. A second qualifying event could be: the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

How much can employers charge for continuation coverage?

- Up to 100% of the group’s monthly premium during the initial period of eligibility plus 2% for administrative costs.
- Up to 150% of the group’s monthly premium during the 11-month disability extension, if any.

What are the notice and enrollment/billing requirements that employers will be responsible for under MA COC*?

Notice:

1. Within 90 days of medical coverage beginning, the employer must provide each employee and spouse (if applicable) with a copy of the “Important Information about Your Massachusetts Continuation of Coverage Rights” notice.
2. Within 14 days of the employer’s knowledge of a qualifying event, the employer must again provide the “Important Information about Your Massachusetts Continuation of Coverage Rights” notice and the Continuation of Coverage Benefits Election Form to each qualified beneficiary.
3. When you deny an individual MA COC coverage or an extension of MA COC coverage, you must provide written notice that includes the reason for denying the request within 14 days of the individual’s request for MA COC coverage.
4. When you terminate an individual’s MA COC coverage prior to the maximum period allowed, you must provide the qualified beneficiary notice of such termination as soon as practicable after the decision is made. The notice must describe the date coverage will terminate and the reason for termination along with any rights the individual might have to elect alternative group or individual coverage.

Enrollment and Billing:

1. The employer must allow 60 days from the later of: the date the election notice is sent or the loss of coverage due to qualifying event, for the qualified beneficiary to complete the Continuation of Coverage Benefits Election Form, and return it. If the qualified beneficiary does not elect coverage within the 60 days, the right to MA COC terminates.

3. The employer is responsible for collecting premiums from the qualified beneficiary each month. Tufts Health Plan will bill the employer each month for the membership at the monthly group rate. The employer can then charge the qualified beneficiary(ies) up to 2% above the group rate to cover administrative costs.
4. The employer must allow 45 days from the date of the election for the qualified beneficiary to send the first premium check. If the qualified beneficiary does not pay the first premium within the 45 days, the right to MA COC terminates.
5. The employer must allow 30 days from the due date to receive each monthly premium. If the monthly premium is not received within 30 days after the due date, MA COC terminates.

IMPORTANT: No lapse in coverage is allowed. If the qualified beneficiary chooses MA COC and pays the required premium, coverage must begin on the day following the loss of coverage due to the qualifying event.

When can MA COC be terminated?

MA COC may be terminated for the following reasons:

- ***Voluntary termination:*** A qualified beneficiary may voluntarily terminate MA COC at any time.
- ***Nonpayment of premium:*** If a qualified beneficiary is not timely with his or her premium payment MA COC can be terminated. If the monthly payment (after the initial premium payment) is not received within 30 days after the due date, the employer group can terminate the coverage back to the due date.
- ***Termination of the group contract:*** If the employer group terminates coverage with Tufts Health Plan, all MA COC members will also be terminated.
- ***Obtaining other coverage:*** If the qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary, MA COC can be terminated.
- ***Entitled to Medicare benefits:*** If the qualified beneficiary becomes entitled to Medicare benefits (Part A, Part B or both) after electing continuation coverage, it can be terminated.
- ***Exhaustion of Coverage:*** A qualified beneficiary must be terminated by the group when he or she has exhausted his or her maximum coverage of MA COC, after 18, 29 or 36 months depending on the circumstances.

If the health plan also includes a health reimbursement arrangement (“HRA”), are there any MA COC requirements for the HRA?

No. Your medical plan and HRA are two separate plans and MA COC applies differently to each. An HRA is a self-insured plan and is therefore not subject to MA COC requirements. Your medical plan is fully insured and therefore is subject to MA COC requirements.

If you require additional information about your responsibilities under MA COC, please contact your Account Manager at:

(800)-208-8013 (Watertown, Mass)
(800) 337-4447 (Springfield, Mass)
(800) 208-9545 (Worcester, Mass)