

## Operational Services

### Administrative Procedure - Staff Insurance Program - Group Health Continuation Coverage

Group Health Insurance Coverage may be available under the Consolidated Omnibus Budget Reconciliation Act (COBRA) and/or the Illinois Insurance Code as determined below:

#### I. Consolidated Omnibus Budget Reconciliation Act (COBRA)

Generally, effective for plan years beginning on or after July 1, 1986, continuing group health coverage shall be offered to all covered employees and their beneficiaries as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), who would otherwise lose such coverage because of any of the following events:

1. Termination of a covered employee's employment for reasons other than gross misconduct or reduction in a covered employee's hours of employment;
2. Death of a covered employee;
3. Divorce or legal separation of the covered employee;
4. Cessation of a dependent child's status as a dependent under the plan; or
5. Coverage by a covered employee under Medicare.

Under COBRA, a covered employee can elect to continue such coverage for up to 18 months if the first event occurs, and a spouse or child can elect to continue such coverage for up to 36 months under any of the other applicable events. Benefits under such continuation coverage shall be the same as provided to other covered employees or beneficiaries. Further, all employees and beneficiaries shall have the option to elect conversion coverage within a period of 180 days following the expiration of the continuation coverage.

A covered employee's or beneficiary's right to continuation coverage shall cease if: he or she fails to pay any premium or charge for coverage; the covered employee or beneficiary becomes covered under another group health plan or entitled to Medicare benefits; a former spouse remarries and becomes covered by a group health plan; or the District ceases to provide any group health plan to its employees.

The District shall give written notice of a covered employee's or spouse's rights under the continuation provisions at the time such provisions become effective with respect to the certain events (i.e., death of the covered employee, termination of employment or reduction in a covered employee's hours of employment or entitlement to Medicare benefits) within 30 days of such event. A covered employee or beneficiary shall be given at least 60 days in which to elect such continuation coverage.

#### II. The Illinois Insurance Code

Generally, continuing group health coverage shall be offered to retired or disabled employees who participate in the Illinois Municipal Retirement Fund (IMRF) or to a surviving spouse for the duration of their retirement or disability under the same terms as are applicable to active employees. The retired or disabled employee or surviving spouse must pay the cost of the coverage which is the cost of the insurance for a similarly situated active employee without regard to employer contributions. The District will pay that portion of the premium which the District agreed to pay in the current, applicable collective bargaining agreement.

In order to be eligible for continuing group health coverage, the employee must be insured under the provisions of the group policy on the day immediately before the day on which his or her retirement or disability period began. An employee's "retirement or disability period" begins on the day the employee is removed from the payroll because:

1. The employee, 55 or older, retires with an accumulated creditable service qualifying him or her for immediate receipt of retirement pension benefits under Article 7 of the Illinois Pension Code, or
2. The employee's disability is established under Article 7 of the Illinois Pension Code.

An employee's "retirement or disability period" ends when the employee:

1. Re-enters active services as provided under Article 7 of the Illinois Pension Code,
2. Exercises any refund option or accepts any separation benefit available under Article 7 of the Illinois Pension Code,
3. Loses any benefits pursuant to Section 7-219 of the Illinois Pension Code, or
4. Dies.

An employee's surviving spouse is eligible for continued insurance coverage if he or she was married to the retiree or disabled employee for at least one year on the date of the employee's death or one year before the date of the employee's termination from employment and is entitled to receive a surviving spouse's monthly pension pursuant to Article 7 of the Illinois Pension Code. The surviving spouse is entitled to continuing group health coverage until his or her remarriage or death. While the surviving spouse of a disabled employee may select either a lump sum death benefit or a monthly pension, he or she is not eligible for continued insurance coverage if he or she selects the lump sum option.

The District will verify that a retired or disabled employee or spouse is eligible for continued group insurance coverage by contacting the IMRF Insurance Benefits Clerk. Within 15 days of the beginning of the retirement or disability period of the employee, the District shall give written notice of such beginning by certified mail, return receipt requested, to the insurance company issuing such policy. The notice shall include the employee's name and last known place of residence and the beginning date of the employee's retirement or disability period. The insurance company will notify the retired or disabled employee or spouse that coverage under the group policy may be continued for the retirement or disability period. The retired or disabled employee or surviving spouse may elect continuing group health insurance by returning the statement of election to the insurance company by certified mail, return receipt requested, within 15 days of having received it.

An employee or spouse who elects to continue coverage must pay the monthly premium directly to the District which shall forward it to the insurance company. An employee or spouse may pay his or her portion of the monthly premium by deduction of the monthly pension payment otherwise payable to, or on behalf of, him or her from the IMRF and remitting that money to the insurance company.

### III. Illinois Teachers' Retirement System

Persons receiving benefits under the Illinois Teachers' Retirement System (ITRS), (and their dependent beneficiaries) are eligible for group health insurance administered by the ITRS.

LEGAL REF.: 40 ILCS 5/16-153.1 et seq.  
105 ILCS 5/10-22.3b. 215 ILCS 5/1 et seq.  
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