

California extends health continuation coverage to **36 months!**

Workers in the state of California may now remain on an employer's health care plan for up to 36 months after leaving employment.

These changes affect all employers in California, except self-funded plans, from those with two to 19 employees and those that need to comply with COBRA, 20 and above.

The law, Cal-COBRA or A.B. 1401, states employees of small employers (two to 19 employees) must be allowed up to 36 months of coverage if a reduction of hours or a termination occurs and the employee has been continuously covered during the three-month period immediately preceding the termination of coverage.

Large employers must first offer federal COBRA. Once a Qualified Beneficiary exhausts COBRA coverage, they are eligible for the state continuation coverage for a total of 36 months.

This extension applies to anyone who begins receiving Cal-COBRA continuation coverage or federal COBRA on or after January 1, 2003. Premiums for the state mandated coverage would be 110% of the standard benefit plan. Election for the coverage must be made within 60 days from the date COBRA coverage ends or the date the Qualified Beneficiary is notified of COBRA expiration. The Qualified Beneficiary electing coverage is required to pay within 45 days from the date of the election of the state coverage.

State continuation coverage can be terminated for the following reasons:

- Failure to comply with enrollment requirements.
- Premium nonpayment.
- The Qualified Beneficiary moves out of the service area.
- Fraudulent or deceptive use of benefits.
- Group benefits end for all employees on the plan.
- Medicare entitlement.
- Individual becomes covered under another qualified plan.