

Highmark Blue Cross Blue Shield and Mini-COBRA

What is mini-COBRA?

- Mini-COBRA legislation passed by Pennsylvania and signed into law with an effective date of July 10, 2009
- Applies to employer groups with between 2 and 19 employees on a typical business day in the prior calendar year
- Mini-COBRA applies to medical coverage only; it does not apply to dental and vision overages
- Mini-COBRA does not apply to HRA and FSA accounts
- Continuation of coverage lasts a maximum of nine months
- Group or mini-COBRA administrator may charge an administration fee of up to 5% of the group premium rate being charged to the member (100% or 35%)
- Participants whose coverage was terminated involuntarily between July 10, 2009 and May 31, 2010 may be eligible for a 65% premium subsidy (Initially funded through American Recovery and Reinvestment Act of 2009 and extended through the Continuing Extension Act of 2010)
- Under mini-COBRA, the insurer – Highmark – will be responsible for the 65% portion of the premium

Notification process:

- a) Group (employer) has 30 days from the date of the Qualifying Event to notify the member of his/her rights under mini-COBRA.
- b) Member then has 30 days to elect to continue benefits under mini-COBRA.
- c) If the group uses the services of a Cobra Administrator, the Cobra Administrator then has 14 days from notice of employee's intent to notify the insurance carrier.

Administration of mini-COBRA

- Highmark will make available the services of HM Benefits Administrators to serve as the administrator for a group's mini-COBRA administration
 - \$100 one time set-up fee
 - \$35 monthly maintenance fee (Employer pays)
 - \$12.50 per mini-COBRA Initial (QE) Notice – Employer pays
 - \$10 per invoice (per employee) billed to Employer
- Group can also elect to self-administer mini-COBRA, however, mini-cobra group must be set up
- HMIG will not administer mini-cobra for other carriers

What Highmark Will Do

- Whenever a member is terminated from a (2-19 size) group plan, Highmark Membership will send a notification to that member advising them that they might be eligible for continuation of coverage and a premium subsidy under Pennsylvania Mini-COBRA; this form will also have a section that needs to be completed by the employer to determine if the member would be eligible for the 65% premium subsidy.
- Highmark will bill a group for the full amount of the premium. Those members who are eligible for the premium subsidy will be identified by a separate payroll code assigned by Highmark. The employer need only remit the 35% premium level for those members.
- Highmark use a unique write-off code so that the group would not be considered in arrears and the subsidy can be collected, via a tax credit, from the federal government

What the Producer Needs to Do

- If your client has a member who qualifies for mini-COBRA, and if that client has **not** elected HM Benefits Administrators as mini-COBRA administrator, you will need to submit a Small Group Business Application in order to establish the mini-COBRA group.
- A new SGBA has been developed that will have an indicator for mini-COBRA; this form is now available on the Producer Portal

April , 2010
minicobra outline.doc