

**Sample COBRA letter to employees
on company letterhead**

Date: _____

Employee & any dependents
Address
City, state, zip

Dear Employee,

You and your eligible dependents may continue participation in the firm's group medical and dental plans even though certain events occur which would otherwise cause loss of coverage. This continued coverage is provided by the consolidated Omnibus Budget Reconciliation Act (COBRA), a federal law enacted on April 7, 1986. This notice is intended to inform you of your rights and obligations under the continuation coverage provisions of the new law.

How the law will apply:

1. Your coverage can be extended up to 18 months if one of the following "qualifying events" occurs:
 - Your employment with the firm terminates for any reason (including voluntary resignation or retirement) other than gross misconduct.
 - Your working hours is reduced to a level at which you would no longer be eligible for coverage.

2. Coverage for your eligible dependents can be extended up to 36 months if one of the following "qualifying events" occurs:
 - They are covered under the plans and you die while still employed.
 - You or your spouse become legally separated or divorced.
 - A dependent child reaches maximum age for coverage.
 - Your spouse or dependents are under age 65 when you become eligible for Medicare and are no longer an active employee.

The full 18- or 36- month extension will not apply if:

- All employer-provided medical or dental plans are terminated.
- You do not pay your required premium in a timely manner.
- You or your dependents become (an employee) covered by any other group medical and/or dental plan.
- Your former spouse remarries and becomes covered under another group medical and/or dental plan.
- A dependent becomes eligible for Medicare (Medicare eligibility terminates coverage only for the Medicare-eligible individual).

How to obtain this Continuation Coverage:

You or a family member must notify the plan administrator in the event of a divorce or legal separation, or if a child loses dependent status under the Plan. You must notify the plan administrator of the employee's death, termination of employment, reduction of hours, or Medicare eligibility. The plan administrator will, within fourteen days of receiving notification, inform you or the dependent of the right to choose continuation coverage. You do not have to show that you are insurable to choose continuation coverage. Please note that prompt notification is extremely important. You will have at least sixty days from the date you would otherwise lose coverage to inform the plan administrator if you want continuation coverage. If you do not elect continuation coverage, your group health plan coverage will end.

Your cost for Continuation Coverage:

You will be charged the full cost of coverage under the group plan in which you are enrolled. You may also pay a 2 percent administration charge.

You may pay for the continuation coverage on a monthly basis. You must make your first payment within forty-five days after the date you elect the continuation of this coverage. Subsequent payments must be made to the Accounting or Human Resources Manager by _____.

This does not affect your normal Conversion privilege

You will still have the option to convert your group coverage to individual coverage. If you first elect continuation coverage under our group plan(s), your election period to convert to an individual policy will be the last 180 days of your continuation coverage. If you do not wish to continue coverage under the group plan(s), you must make your conversion election for individual coverage within thirty days of the date your regular group health coverage ends. The new continuation coverage option under our plan does not apply to life insurance. If you wish to convert your group life insurance to individual life insurance, you must elect to do so within thirty days of the date your regular group life insurance coverage ends.

If you have any questions about either the conversion option or the continuation coverage option, please call or write:

(Insert name of your carrier)

Also, if you have changed marital status, or you or your spouse has changed addresses, please notify the plan administrator at the above addresses.

Sincerely,