



# Illinois Insurance Facts

Illinois Department of Insurance

## Health Insurance Continuation Rights (mini-COBRA)

### The Illinois Law

Updated  
July 2009

Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

With the high costs of medical care, maintaining health coverage is very important to most individuals and families. Illinois law does not require employers to provide health benefits for their employees or their families. However, if you are covered by an employer's health benefits, loss of coverage can be devastating.

State and federal laws give certain employees, spouses and dependent children the right to continue employer-sponsored health benefits at group rates if they lose their benefits because of specific "qualifying events." The type of qualifying event determines who is qualified for continued coverage and for how long.

This fact sheet provides **specific information** on the **Illinois Continuation Law (also referred to as mini-COBRA)** and compares its basic provisions to three other continuation laws: the [\*Illinois Spousal Continuation Law\*](#), the [\*Illinois Dependent Child Continuation Law\*](#) and the federal continuation requirements under [\*COBRA\*](#) (the Consolidated Omnibus Budget Reconciliation Act). The chart at the bottom of this fact sheet provides a comparison of the laws pertaining to continuation of health benefits.

Under all four laws:

- The employer or plan administrator must notify you of your right to continue your health benefits when certain **qualifying events** have occurred. If both the state and federal laws apply to your situation, the employer or plan administrator must offer you both options. You must choose one or the other option.

**NOTE:** In some cases, the spouse, former spouse, dependent child or guardian must notify the employer and/or insurer that a **qualifying event** has occurred, such as divorce from or death of the covered employee or attainment of the limiting age by the dependent child. If you don't give proper notification, your continuation rights may be lost.

- Once you are offered continuation, you must elect to continue coverage within a certain time period, called the **election period**. If you don't tell the employer you want to continue coverage before the election period expires, you may lose your right to

continue coverage. If you have the option of either the state or federal continuations, once you make your choice, you can't change your decision if the **election period** has expired.

- Coverage will continue for the maximum amount of time required by law. However, coverage may end earlier in some cases, such as when the beneficiary becomes eligible for Medicare, or if the employer no longer offers any group health insurance benefits for employees.
- You must pay the **entire premium** for the coverage, including the part you used to pay as well as the part the employer paid before the qualifying event. In addition, you may also be required to pay an administrative fee under certain circumstances for COBRA and Spousal Continuation.

Your group insurance certificate, evidence of coverage or benefit plan summary booklet explains your options and responsibilities in detail. You should read the information now. Don't wait until you need your continuation rights.

### **What Is The Illinois Continuation Law?**

The Illinois Continuation Law (mini-COBRA) protects individuals who lose their group health insurance coverage with an employer group of **any size** due to termination of employment or reduction in hours.

### **Which Plans are Subject to the Illinois Continuation Law?**

- Employers offering fully insured group and accident health plans, regardless of the group's size;
- Employers offering fully insured HMO coverage, regardless of the group's size.

### **The Illinois law does not apply to:**

- Self-insured employers;
- Self-insured health and welfare benefit plans, such as union plans;
- Insurance policies or trusts written in other states.

**Note:** For HMOs, the law does apply to contracts written outside of Illinois if the HMO member is a resident of Illinois and the HMO has established a provider network in Illinois. To determine if your HMO coverage provides Illinois continuation, contact the HMO or check your certificate of coverage.

## Who Is Eligible Illinois Continuation Coverage?

Continuation of coverage must be offered to you and your eligible dependents who were continuously covered under group coverage for **three months** prior to termination of employment.

**Special Note:** For employees who were involuntarily terminated from employment between September 1, 2008 and December 31, 2009, mini-COBRA continuation coverage must be offered to the employee and eligible dependents who were insured under the group policy **on the day prior** to termination.

### Illinois continuation does not apply if:

- You were terminated for committing a work-related felony and have admitted to or been convicted of such felony;
- You were terminated for a work-related theft for which your employer was in no way responsible and you have admitted to or been convicted of such theft;
- You are covered by Medicare;
- You are covered by any other insured or self-insured plan of group hospital, surgical or medical coverage.

## What Are The Notification Deadlines?

Your employer must notify you in writing of your right to Illinois continuation coverage within 10 days after termination of your employment or reduction in hours. You must be given notification in person or by mail.

You must request such continuation in writing within the 30-day period following the later of: 1) the date of employment termination or reduction in hours; or 2) the date written notice of your right to continuation is presented or mailed to you.

**IN NO EVENT** may you elect Illinois continuation more than 60 days after the date of employment termination.

## How Much Will Illinois Continuation Coverage Cost?

The premium for Illinois continuation coverage for you, your spouse and dependent children may not exceed that of the group rate. You are responsible for paying the **entire premium** for the coverage, including the portion which was formerly paid by your employer.

## What Benefits Are Available With Illinois Continuation Coverage?

Benefits contained within your group hospital, surgical, major medical, PPO or HMO plan are the same as they were under your previous group coverage. However, separate plans for dental, vision care, prescription drug benefits, disability income, specified disease benefits and supplementary benefits are not required and may no longer be available under the continuation coverage.

## How Long Does Illinois Continuation Coverage Last?

The maximum period of coverage under state mini-COBRA was nine months after the date the insurance stopped because your employment was terminated or your hours were reduced.

The maximum period of coverage required under the state mini-COBRA law, however, was recently increased from **9 months to 12 months** by Public Act 96-0013, House Bill 2325 (signed by the Governor on June 18, 2009). All group plans subject to the law that are issued, delivered, amended or renewed after June 18, 2009, must provide for up to 12 months of continuation coverage. If an individual is currently receiving mini-COBRA coverage and the employer's policy is renewed after June 18, 2009, the individual would be entitled to the additional 3 months of coverage, regardless of the date the individual first elected mini-COBRA coverage.

Continuation coverage may terminate earlier than the maximum period if:

- You become eligible for Medicare;
- You are covered by any other insured or self-insured group medical, hospital or surgical plan;
- You fail to make timely premium payments for coverage;
- Your employer's group policy is terminated in its entirety and not replaced with another group policy.

## What Happens When My Illinois Continuation Ends?

You or your dependents may convert coverage to an individual policy at any time during the continuation period or at the end of the period, except when the continuing person becomes eligible for Medicare.

You may also want to shop around for an individual policy on your own. You may be able to find better coverage at a more affordable rate. An insurance broker in your area can assist you in applying for individual coverage. However individual policies may underwrite applicants, may apply pre-existing condition limitation periods, and may attach riders to permanently exclude coverage for an existing health condition.

If you or your dependents have a medical condition that precludes the purchase of individual coverage, the HIPAA CHIP plan offered by the Illinois Comprehensive Health Insurance Plan may be an option when the continuation policy expires. This plan provides coverage for individuals with an uninsurable health condition, without preexisting condition exclusions or limitations, if there has not been a break in coverage of more than 90 days. We encourage you to apply for the HIPAA CHIP plan at least two months prior to your Illinois continuation coverage expiration in order to allow ample time for the application to be processed. For an application and information, you should contact the Illinois Comprehensive Health Insurance Plan (ICHIP) at (866) 851-2751 or at <http://www.chip.state.il.us/>.

**NOTE: If you have a medical condition that renders you uninsurable and you elect a conversion policy rather than HIPAA CHIP, you will lose your rights to elect HIPAA CHIP.** If you elect the conversion policy and then decide, for whatever reason, to drop it, you will not be eligible for the HIPAA CHIP plan. You will have to apply for coverage with the regular CHIP plan, which sometimes has a waiting list and does not pay for preexisting conditions for the first six months of coverage.

### For More Information About the Illinois Continuation Coverage Law

Call our Consumer Services Section at (312) 814-2427 or  
our Office of Consumer Health Insurance toll free at (877) 527-9431  
or visit us on our website at <http://insurance.illinois.gov>

A copy of the law is available, [215 ILCS 5/367\(e\)](#) for insurance companies and [215 ILCS 125/4-9.2 for HMOs](#).

#### Related Topics:

[Health Insurance Continuation Rights -- COBRA](#)

[Health Insurance Continuation Rights -- Illinois Spousal Law](#)

[Health Insurance Continuation Rights – Dependent Child Law](#)

**This is a general comparison. For Specific Information regarding each continuation law, please refer to the specific Fact Sheet.**

	<b>COBRA</b>	<b>Illinois Continuation</b>	<b>Illinois Spousal Continuation</b>	<b>Dependent Continuation</b>
<b>Applicability</b>	Applies to employer groups with 20 or more employees.	Applies to employer groups of any size. Applies to insurance companies and HMOs.	Applies to employer groups of any size. Applies to insurance companies and HMOs.	Applies to employer groups of any size. Applies to insurance companies and HMOs.
<b>Who Is Eligible</b>	Employee, spouse or former spouse and/or covered dependent children..	Employees and covered dependents.	Divorced or widowed spouses (any age) and covered dependent children. Spouses (age 55 or older) of retired employees, and covered dependents.	Covered dependent children of deceased employee, who are not otherwise covered under the Spousal Continuation Law. Covered dependent children who attain the limiting age under the insurance policy or HMO certificate.
<b>Coverage Requirements</b>	Must be covered by the group plan on the day prior to the qualifying event.	Employee and covered dependents must be covered for 3 continuous months before qualifying event. <b>*For individuals involuntarily terminated from employment 9/1/2008 through 12/31/ 2009 – employee and covered dependents must be covered on the day prior to termination.</b>	Spouse and dependents must be covered on the day prior to the qualifying event.	Dependent child must be covered on the day prior to the qualifying event.

<p><b>Qualifying Events</b></p>	<p><b>For employee, spouse, former spouse &amp; covered dependent children upon:</b></p> <ol style="list-style-type: none"> <li>1. Termination of employment;</li> <li>2. Reduction in employee's hours.</li> </ol> <p><b>In addition for spouse, former spouse &amp; covered dependent children upon:</b></p> <ol style="list-style-type: none"> <li>1. Employee's eligibility for Medicare;</li> <li>2. Divorce or legal separation from employee;</li> <li>3. Death of employee;</li> </ol> <p><b>In addition, for covered dependent children upon:</b></p> <ol style="list-style-type: none"> <li>1. Loss of dependent child status under plan.</li> </ol>	<p>Must be presented or mailed within ten days of reduction of hours or termination of employment or membership unless termination is due to theft or commission of work-related felony.</p>	<p>Must be offered to divorced spouse or widowed spouse and dependent children upon divorce from or death of employee. Must be offered to spouse (age 55 or older) and dependent children of retiree upon employee's retirement.</p>	<p>Must be offered to dependent child after death of insured if coverage is not available under the Spousal Continuation Law.</p> <p>Must be offered to dependent child upon attainment of limiting age under the insurance policy or HMO certificate.</p>
<p><b>Benefits</b></p>	<p>Coverage must be the same as under the group plan.</p>	<p>Coverage must be the same as under the group plan but need not include dental, vision or prescription drugs.</p>	<p>Coverage must be the same as under the group plan.</p>	<p>Coverage must be the same as under the group plan.</p>
<p><b>Length of Continuation Coverage</b></p>	<p><b>Loss of employment or reduced hours</b> – maximum of 18 months. May be extended to 29 months if disabled. <b>Divorce or legal separation from employee, death of employee or employee entitled to Medicare</b> – maximum of 36 months for spouse, former spouse and dependent children. <b>Loss of dependent child status</b>-maximum of 36 months.</p>	<p>Maximum period of coverage was 9 months.  For policies issued, delivered, amended or renewed after June 18, 2009, maximum coverage is 12 months. (PA 96-0013, HB 2325)</p>	<p><b>Spouse under age 55 – Divorced or widowed spouse (not spouse of retiree) and dependent children</b> – Coverage is provided for maximum of 2 years.  <b>Spouse age 55 or older – Divorced or widowed spouse or spouse of retiree and dependent children</b> – coverage is provided until spouse is eligible for Medicare.</p>	<p>Coverage is provided for a maximum of 2 years.</p>
<p><b>Premiums</b></p>	<p>Premium may not exceed 102% of group rate. Plan may charge 150% after 18 months if the 11-month extension for disability is granted.</p>	<p>Premiums may not exceed the group rate.</p>	<p><b>Spouse under age 55</b> – Divorced or widowed spouse premium may not exceed the group rate. <b>Spouse age 55 or older</b> – Divorced or widowed spouse or spouse of retiree, administration fee may be added to group rate after first two years of coverage.</p>	<p>Premiums shall not exceed the amount that would be charged to an employee if the dependent child was an employee <b>PLUS</b> the amount the employer would contribute toward the premium if the dependent child were an employee.</p>