

Minnesota Continuation – 61A.092 For Minnesota Life Clients

Minnesota Continuation was modeled after federal COBRA laws, which apply to medical coverage but not life insurance. Some call it MOBRA (Minnesota cOBRA), and although that's not an official or totally accurate name, we'll use it for the sake of brevity.

To which group plans would MOBRA apply?

The law requires all group life policies situated in MN to provide this coverage for MN residents. It specifically states non-MN residents can be excluded from this. Minnesota Life allows an employer with a MN-situated policy to decide whether to apply it to all its employees or only to those residing in MN.

Does the law apply to stand-alone AD&D policies?

No. An AD&D policy is subject to different laws than a life insurance policy. Note, however, that AD&D ridered to a life insurance policy is eligible for continuation.

What does MOBRA provide?

MOBRA provides for continuation of an employee's group life insurance for the employee and his/her dependents when coverage is lost due to termination of employment, layoff, or loss of eligibility due to a reduction in hours. Coverage can be continued until the earlier of 18 months or when the employee is covered under another group policy. (In practice, very few employers actually terminate coverage based on being covered under another group policy as they have no way of knowing.)

How does MOBRA differ from COBRA?

COBRA is federal law applying to group health plans. MOBRA is state law applying to group life insurance issued in Minnesota. Two main differences:

- COBRA allows dependents to continue on their own, for example, for divorce, death of the employee or for a child attaining an age limit. MOBRA does not do this; all continued coverage is contingent upon the employee losing eligibility and the employee continuing the coverage.
- COBRA allows for extended continuation periods for a disabled employee, MOBRA does not.

How does an employee enroll for MOBRA?

It is the employer's responsibility to inform the employee of his/her right to continue coverage. The employee has 60 days from the later of the date coverage would otherwise terminate or the date of the notice from the employer to elect continuation.

What if an employee or dependent dies during the election period?

If an employee or insured dependent dies during the election period, but before the employee made an election to continue or reject continuation, a death benefit is payable as if the employee had elected continuation.

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What insurance can be continued?

The employee can continue all or part of the insurance (basic and supplemental) in force on his/her life and on the life of his/her dependents. In order to continue ridered dependents coverage, the employee must continue his/her own coverage.

Does an employee have to continue basic in order to continue supplemental coverage?

In general, yes, basic coverage must be continued in order to continue supplemental and/or dependents coverage. However, there may be some exceptions to this, for example, a case without basic coverage.

Do all riders get continued?

Yes, including AD&D.

What is the cost of coverage?

The employee shall pay no more 102% of the rates in place for active employees of his/her class. The 2% is an administrative surcharge that is designed to go to the employer, not the insurance company. Most employers do not charge the additional 2%.

How are the premiums paid?

Premiums are to be paid to the employer, who then forwards them to the insurer.

When does the 18-month period begin?

The 18 months begins when the employee terminated employment, was laid off or had a reduction in hours and lost eligibility. For a plan that allows for coverage to be continued into retirement to a certain date, that time counts toward the 18 months (e.g., if an early retiree loses eligibility after 12 months, the retiree will have six months left of the 18). Also, coverage continued during a leave of absence or layoff applies toward the 18 months (e.g., someone who is on a personal leave of absence and continues for 12 months and then decides not to return to work has an additional six months left).

Do age reductions apply to continuees or are amounts frozen?

Age reductions apply to those on continuation if they apply to active employees.

Can coverage be added once on continuation?

No, only coverage amounts that were in place prior to losing eligibility may be continued. However, if someone has dependents insurance and acquires a newly eligible dependent, and adding that new dependent would not require additional premium, the new dependent will automatically become covered.

What if the rates change for active employees?

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If rates change, the change should apply to those on continuation as well.

What if the plan of insurance for active employees changes?

The effect depends on the change of plan. If it's a change in amounts of insurance, the change will not apply to continuees. Other changes need to be addressed on a case-by-case basis.

Does MOBRA apply to a person who changes classes and has a reduction in coverage because of the change?

No. The law only applies to someone who loses coverage due to termination of employment, layoff, or reduction in hours to the point where they lose eligibility.

What about a change from full-time to part-time?

If there are no benefits for part-time employees, then MOBRA is available. However, if the plan is merely different, then it's similar to a change in class and is not eligible for MOBRA continuation. There will be some exceptions to this, such as a plan where part-time employees are eligible for supplemental insurance but not basic, in which case the basic would be available to be continued.

What about a plan that has retiree insurance?

Since retirement is termination of employment, the employee should be able to have the full amount for the 18-month period. Therefore if the retiree amount of insurance is less than the active amount, the remainder can be continued under MOBRA.

What if the group policy terminates?

If the policy terminates and is replaced with a new group policy, the new carrier is responsible for picking up those on continuation. If there is no new policy, coverage terminates and conversion is offered (very rare).

How does MOBRA affect conversion rights?

Employees with MOBRA rights can convert in lieu of continuing coverage or can convert after the 18-month period. If a person continues coverage through MOBRA for the full 18 months, he/she can then choose a term life individual product or the standard whole life individual policy. A person who does not complete MOBRA continuation has only the whole life policy option.