

BOARD OF COUNTY COMMISSIONERS
SARPY COUNTY, NEBRASKA

RESOLUTION ADOPTING POLICY FOR COBRA PARTICITPATION FOR THOSE
ON LONG-TERM DISABILITY

WHEREAS, pursuant to Neb. Rev. Stat. § 23-104 (Reissue 2012), the County has the power to do all acts in relation to the concerns of the County necessary to the exercise of its corporate powers; and,

WHEREAS, pursuant to Neb. Rev. Stat. § 23-103 (Reissue 2012), the powers of the County as a body are exercised by the County Board; and,

WHEREAS, pursuant to Neb. Rev. Stat. §44-1615, the County provides certain fringe benefits inclusive of health insurance and long-term disability to County employees.

NOW THEREFORE BE IT RESOLVED by the Sarpy County Board of Commissioners that the Long-Term Disability COBRA Health Insurance Continuation Cost-Share Benefit Policy, a copy of which is attached hereto, is hereby approved.

BE IT FURTHER RESOLVED THAT the said policy will be in effect for all employed by Sarpy County as of April 1, 2013.

The above and foregoing Resolution was duly approved by a vote of the Sarpy County Board of Commissioners at a public meeting duly held in accordance with applicable law on this ____ day of April, 2013.

Chairman, Sarpy County Board

Sarpy County Clerk



SARPY COUNTY HUMAN RESOURCES

MEMORANDUM

To: County Board of Commissioners
From: Karen Buche, Human Resources Director
Date: April 5, 2013
Subject: Cost Share of COBRA Benefits for Employees on Long-Term Disability

I am requesting that Sarpy County institute a policy whereby the County will continue to pay the employer cost-share of premiums toward elected COBRA health insurance benefits for those employees who have been approved for long-term disability (LTD) by the County's insurance carrier. Once approved for LTD benefits, the disabled employee is separated from employment and thereby becomes eligible for COBRA benefits; therefore, the policy would apply to separated employees only.

The standard COBRA benefit period is 18 months. However, for those individuals who are approved for Social Security Disability benefits, the eligibility period is extended by 11 months. This policy would provide COBRA health insurance cost-share premium benefits for a maximum of 24 months.

Employees on LTD are faced with not only life altering health problems but also:

- the inability to access Medicare benefits for at least 24 months and then only if they are approved for Social Security Disability,
- a reduction of income to 66.67% of base salary, and
- an increase of insurance costs for COBRA coverage to the full premium (plus any administrative fees), which is approximately \$1,700 per month for current family coverage.

The implementation of this policy would provide separated employees the time necessary to complete the Medicare elimination period. If an individual is not approved for Social Security Disability, it provides two years for the separated employee to gain new employment with benefits or obtain insurance through an alternative source.

Since 2008, there have been six employees who have been approved for LTD benefits. Three employees were placed on disability in 2009, one in 2010, one in 2012, and one in 2013.

The business justification for this benefit is based upon the fact that employees are opting to continue to work despite not having the physical ability to do because they cannot afford the cost of insurance. This practice results in increased absences, reduced department

productivity, limited department effectiveness due to short-staffing, increased budgetary expense for overtime and/or temporary employees, heightened workers compensation liability, and increased exposure to negative citizen reaction or lawsuits as a result of errors.

With the continued implementation of the Patient Protection and Affordability Care Act (PPACA), the continuation of this policy may only need to exist for a short time. In the future, the PPACA will most likely provide additional alternatives for health insurance coverage that are not currently available in the marketplace.

I respectfully request the Board's approval of this Policy and to be retroactive as of April 1, 2013.

Thank you.



POLICIES & PROCEDURES MANUAL



TOPIC: <i>Long-Term Disability COBRA Health Insurance Employer Cost-Share Benefit Continuation</i>	APPROVED: REVISED:
POLICIES & PROCEDURES MANUAL: <i>Section 4 – Employee Benefits</i>	Pages: 1 of 2

I. PURPOSE

It shall be the policy of Sarpy County to allow employees (covered employees), who have been approved for long-term disability (LTD) through the County’s insurance carrier and elect COBRA coverage, to continue their existing health insurance premium cost-share for up to a maximum of 24 months. Once employees are approved to receive LTD benefits, they are separated from employment, and are therefore eligible for COBRA benefits.

II. POLICY

Covered employees that fall within this Policy may continue their insurance coverage at the same premium cost-share ratio as provided to other eligible employees.

Covered employees would receive this benefit as long as they qualify for LTD benefits and are eligible for COBRA coverage. If LTD benefits are discontinued, this benefit would cease as of the same effective date. If they are only eligible for COBRA benefits for 18 months, this benefit would only be available for the same 18 month period.

To be eligible for this continuation of cost-share premium benefit, the following criteria shall apply:

1. The employee would need to be employed continuously for a period of one year at the time of being diagnosed by their healthcare provider with a qualifying disability, and
2. The employee would have to be enrolled in the County’s health insurance program prior to receiving a diagnosis qualifying them for LTD insurance benefits, and
3. The employee’s claim for LTD benefits must be approved by the County’s insurance carrier, and
4. The health insurance coverage level in place at the onset of the illness cannot be increased, but may, at the employee’s written request, be decreased, and
5. The separated employee would pay the applicable premium cost-share of health insurance on a post-tax basis, and
6. The separated employee abides by the requirements of the COBRA regulations, and
7. The separated employee agrees to keep the Human Resources Department apprised of their COBRA status, and
8. Any premium cost-share payment that is past due would result in the cancellation of COBRA benefits and therefore this benefit.



POLICIES & PROCEDURES MANUAL



TOPIC: <i>Long-Term Disability COBRA Health Insurance Employer Cost-Share Benefit Continuation</i>	APPROVED: REVISED:
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The Policy is subject to modification at the Sarpy County Board of Commissioner's discretion or as mandated by law.