

## About the Utah NetCare Plan

Utah state law now requires insurers to offer alternative health insurance coverage, called Utah NetCare Plan. For employers and their employees it offers a low-cost alternative coverage to COBRA and mini-COBRA.

### **NetCare -- As a Low Cost Alternative Coverage to COBRA and Mini-COBRA:**

Effective January 1, 2010, a person may elect alternative coverage if the person is eligible for continuation of employer group coverage under federal COBRA laws; is eligible for continuation of employer group coverage under state mini-COBRA; or is eligible for conversion to an individual plan after the exhaustion of benefits under alternative coverage elected in place of federal COBRA or state mini-COBRA.

### **What are the Eligibility Requirements?**

- If a person elects federal COBRA coverage, or Utah mini-COBRA coverage, the person is not eligible to elect Alternative Coverage until the person is eligible to convert coverage to an individual policy.
- The right to extend coverage applies to any spouse or dependent coverage, including a surviving spouse or dependent whose coverage under the policy terminates by reason of the death of the employee or member.
- If the Alternative Coverage is selected as an alternative to federal COBRA or Utah mini-COBRA, the provisions of Utah mini-COBRA benefits for employer group coverage apply to the Alternative Coverage

### **Extension of Coverage Rights:**

An insured has the right to extend an employee's coverage under the current employer's group policy for a period of 12 months (unless otherwise indicated). The right to extend coverage includes:

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|-------------------------------|----------------------------|
| • voluntary termination       | • involuntary termination  |
| • retirement                  | • death                    |
| • divorce or legal separation | • loss of dependent status |
| • sabbatical                  | • any disability           |
| • leave of absence            | • reduction of hours       |

The right to extend coverage applies to any spouse or dependent coverage, including a surviving spouse or dependents whose coverage under the policy terminates by reason of the death of the employee or member.

An employee does not have the right to extend coverage under the current employer's group policy if the employee:

- failed to pay any required individual contribution;
- acquires other group coverage covering all preexisting conditions including maternity, if the coverage exists;
- performed an act or practice that constitutes fraud in connection with the coverage;
- made an intentional misrepresentation of material fact under the terms of the coverage;
- was terminated for gross misconduct;

- has not been continuously covered under the current employer's group policy for a period of three (3) months immediately prior to the termination of the policy due to the events described above;
- is eligible for any extension of coverage required by federal law; or
- elected Alternative Coverage<sup>1</sup>.

### **Employer Notification Requirements**

The employer is to provide written notification of the right to extend group coverage and the payment amounts required for extension of coverage, including the manner, place, and time in which the payments are to be made to:

- the terminated insured;
- the ex-spouse; or
- if the right to extend coverage applies to any spouse or dependent coverage, including a surviving spouse or dependents whose coverage under the policy terminates by reason of the death of the employee or member to a surviving spouse; and the guardian of surviving dependents, if different from a surviving spouse.

The notification is to be sent by first class mail within 30 days after the termination date of the group coverage to:

- the terminated insured's home address as shown on the records of the employer;
- the address of the surviving spouse, if different from the insured's address and if shown on the records of the employer;
- the guardian of any dependents address, if different from the insured's address, and if shown on the records of the employer; and
- the address of the ex-spouse, if shown on the records of the employer.

### **Premium Amount and Premium Payment**

The payment amount for extended group coverage may not exceed 102% of the group rate in effect for a group member, including an employer's contribution, if any, for a group insurance policy. The insurer is to provide the employee, spouse, or any eligible dependent the opportunity to extend the group coverage at the payment amount if:

- the employer policyholder does not provide the terminated insured the written notification required by Subsection (3)(a); and
- the employee or other individual eligible for extension contacts the insurer within 60 days of coverage termination.

### **Length of Coverage**

The coverage extends without interruption for 12 months and may not terminate if the terminated insured (or, with respect to a minor, the parent or guardian of the terminated insured) elects to continue group coverage within 60 days of losing group coverage and pays the amount required to the employer. The insured's coverage may be terminated prior to 12 months if any of the conditions exist under the "Termination of Coverage" section. The insured's coverage may be terminated prior to 12 months if the terminated insured:

- establishes residence outside of this state;
  - moves out of the insurer's service area;
  - fails to pay premiums or contributions in accordance with the terms of the policy, including any timeliness requirements;
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- performs an act or practice that constitutes fraud in connection with the coverage;
- makes an intentional misrepresentation of material fact under the terms of the coverage;
- becomes eligible for similar coverage under another group policy; or
- the employer's coverage is terminated, except as provided below.

#### **Employer Coverage Termination**

If the current employer coverage is terminated and the employer replaces coverage with similar coverage under another group policy, without interruption, the terminated insured, spouse, or the surviving spouse and guardian of dependents, have the right to obtain extension of coverage under the replacement group policy for the balance of the period the terminated insured would have extended coverage under the replaced group policy and if the terminated insured is otherwise eligible for extension of coverage.

#### **Exhaustion of Extension Coverage**

Within 30 days of the insured's exhaustion of extension of coverage, the employer is to provide the terminated insured and the ex-spouse, or, in the case of the death of the insured, the surviving spouse, or guardian of any dependents, written notification of the right to an individual conversion policy. The notification is to be sent by first class mail to:

- the insured's last-known address as shown on the records of the employer;
- the address of the surviving spouse, if different from the insured's address and if shown on the records of the employer
- the guardian of any dependents last known address as shown on the records of the employer, if different from the address of the surviving spouse; and
- the address of the ex-spouse as shown on the records of the employer, if applicable and shall contain the name, address, and telephone number of the insurer that will provide the conversion coverage.