

TEXAS STATE CONTINUATION

State Continuation is a Texas law providing employees and dependents losing insurance benefits (because of specified events) the opportunity to continue the same health insurance benefits provided to active participants for an additional **six months after** COBRA coverage ends. State continuation applies only to group health benefit plans issued by insurance companies and HMOs that are subject to the Texas Insurance Code. State continuation does not apply to employer self-funded (ERISA) health care plans, which are exempt from state insurance laws.

To be eligible, you must have been continuously covered under the group contract for at least three consecutive months immediately prior to the end of your employment. Your termination may be for any reason except involuntary termination for cause. As in the case of COBRA, the maximum charged is 102% of the premium. If you are not eligible for COBRA coverage, you can continue your group coverage for nine months. The continuation period begins immediately after your termination. If you have a disability that meets the standards of the Social Security Administration, your COBRA coverage period may be extended by an additional 11 months at which time the maximum charged is 150%.

If you are eligible for COBRA as a...	COBRA applies for...		Texas continuation applies for...	For a total continuation period of...
Primary plan member (direct employee)	18 months	+	6 months	24 months
Secondary plan member (spouse, ex-spouse or dependent child)	36 months	+	6 months	42 months
If you are not eligible for COBRA ...	0 months	+	9 months	9 months

There is a lot of confusion regarding State Continuation. Many people are under the misconception that State Continuation is to provide continuation privileges only for participants of small employers not subject to COBRA. That is incorrect. COBRA participants may have the option of State Continuation at the END of COBRA continuation.

While the premium may be the same, there are differences between State Continuation and COBRA. (1) State continuation is for health insurance only while COBRA could include dental, vision, rx, and flexible spending account continuation, (2) State Continuation has no premium payment grace period while COBRA has a minimum 30 day premium grace period, (3) State Continuation has no second qualifying event provision while COBRA provides for second qualifying event eligibility for qualified beneficiaries on COBRA, and (4) State continuation eligibility ends upon eligibility for similar benefits while COBRA ends if covered on other coverage.

Texas **also** has Dependent Continuation for 3 years for dependents losing coverage who are not eligible under any other group plan. Dependent continuation is only applicable to small employers and does NOT coordinate with COBRA. In order to be eligible for Texas Dependent Continuation, the participant must have been covered under the group plan for one year. Under Dependent Continuation the maximum charged is the premium plus a \$5 administrative fee unlike COBRA and/or State Continuation which can charge a 2% administrative fee.

Your state continuation rights are discussed in the Texas Department of Insurance's (TDI) consumer publication, *Your Health Care Coverage*. You may ask for printed copies by calling TDI toll-free at **1-800-599-7467**. You may also call TDI's Consumer Help Line at **1-800-252-3439** to obtain information about Texas state continuation requirements.