

Important Information about Paying for Your COBRA Coverage

How much does COBRA coverage cost?

Each qualified beneficiary is required to pay the entire cost of COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage. The required monthly payment for each group health component of the Plan under which you are entitled to elect COBRA is shown on your COBRA Election Form.

Cost for Disabled Beneficiaries

If you or a covered dependent becomes disabled and an extension of COBRA continuation coverage is approved due to the qualified beneficiary's disability, the cost of coverage for the 19th through 29th months of coverage under the disability extension will be:

- 150% of the full cost of coverage for all dependents participating in the same coverage option as the disabled qualified beneficiary; and
- 102% for any dependent participating in a different coverage option than the disabled qualified beneficiary.

If a second qualifying event occurs while a qualified beneficiary is receiving COBRA continuation for a disability, the rate for your dependents will depend on when the second qualifying event occurs:

- If a second qualifying event occurs during the first 18 months of coverage, then the 102% rate applies to the full 36 months, but
- If a second qualifying event occurs during the 19th through 29th month, then the rate for the 19th through 36th months of COBRA continuation is:
 - The 150% rate for all dependents participating in the same coverage option as the non-employee disabled qualified beneficiary.
 - The 102% rate for any family members in a different coverage option than the non-employee disabled qualified beneficiary

When and how must payment for COBRA coverage be made?

All COBRA premiums must be paid by check or money order. (*Note: The University reserves the right to require future payment of COBRA premiums by money orders or certified check due to a check returned because of insufficient funds.*)

First payment for COBRA coverage

If you elect COBRA, you do not have to send any payment with the Election Form. However, you must make your first payment for COBRA coverage not later than 45 days after the date of your election. (This is the date your Election Form is postmarked, if mailed, or the date your Election Form is received by the Payroll Office at the address specified for delivery of the Election Form, if hand-delivered.) **If you do not make your first payment for COBRA coverage in full within 45 days after the date of your election or, you submit a check which is returned for insufficient funds or cannot be processed before the expiration of your grace period, you will lose all COBRA rights under the Plan.**

Your first payment must cover the cost of COBRA coverage from the time your coverage under the Plan would have otherwise terminated up through the end of the month before the month in which you make your first payment. (*For example, Sue's employment terminates on September 30, and she loses coverage on September 30. Sue elects COBRA on November 15. Her initial premium payment equals the premiums for October and November and is due on or before December 30, the 45th day after the date of her COBRA election.*)

You are responsible for making sure that the amount of your first and all subsequent payments are correct. You may call the SSC Contact Center at 734-615-2000 or 866-647-7657 (toll-free for off-campus long-distance calling within the United States) to confirm the correct amount of your first payment. Have your Social Security Number or UMID number available when you call.

Claims for reimbursement will not be processed and paid until you have elected COBRA and made the first payment for it.

Future monthly payments for COBRA coverage

After you make your first payment for COBRA coverage, you will be required to make monthly payments for each subsequent month of COBRA coverage. The current amount due for each month for each qualified beneficiary is shown on your Election Notice included in this mailing. Note that these amounts will change in the future. You will be notified of any COBRA premium changes. Under the Plan, each of these monthly payments for COBRA coverage is due on the first day of the month for that month's COBRA coverage.

After making your COBRA election and making your initial payment, the payment procedure is as follows:

1. You should receive a billing statement and a remittance envelope in the mail at the end of the month to pay for the following month's coverage. For example, a March billing statement should arrive at the end of February.
2. Make your check or money order payable to "University of Michigan."
3. Clip the coupon from the bottom of your billing statement and mail it with your check or money order in the envelope provided to:

**University of Michigan – Payroll
Box 223081
Pittsburgh, PA 15251-2081**

If you have any questions about the amounts (i.e., amount due, amount past due, amount credited, etc.) or payment due dates appearing on your billing statement, immediately call the SSC Contact Center at 734-615-2000 or 866-647-7657 (toll-free for off-campus long-distance calling within the United States) to confirm the correct amount and due date of your next payment.

PLEASE NOTE: Billing statements are provided as a convenience to you. It is your responsibility to remit the correct monthly COBRA amount due on a timely basis even if you have not received a billing statement. If payment is not received by the date it is due, your coverage will be cancelled and will not be reinstated.

Grace periods for monthly payments

Although monthly payments are due on the first day of each month of COBRA coverage, you will be given a grace period of 30 days after the first day of the month to make each monthly payment. If your payment is hand-delivered or postmarked more than 30 days after the DUE DATE indicated on your billing statement, your COBRA continuation coverage will be terminated and your payment will be refused or refunded. Your COBRA coverage will be provided for each month as long as payment for that month is made before the end of the grace period for that payment. **If you fail to make a monthly payment before the end of the grace period for that month, you will lose all rights to COBRA coverage under the Plan.**

COBRA remittance addresses

Your INITIAL payment for COBRA coverage should be mailed or hand-delivered to:

**Payroll Office
University of Michigan
Wolverine Tower – Low Rise G395
3003 South State Street
Ann Arbor, MI 48109-1279**

If mailed, your payment is considered to have been made on the date that it is postmarked. *If you are uncertain if your monthly payment will be postmarked by the required due date, you may hand-deliver your payment to the University of Michigan Payroll Office address specified directly above.* If hand-delivered, your payment is considered to have been made when it is received by the Payroll Office at the address noted above. If mailed, your payment is considered to have been made on the date that it is postmarked.

FINAL NOTE: You will not be considered to have made any payment by mailing or hand delivering a check if your check is returned due to insufficient funds or otherwise.