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## Temporary COBRA Premium Assistance

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**Purpose** To clearly outline the guidelines governing consideration of and eligibility for the Temporary COBRA Premium Assistance program administered by the UTMB Department of Admitting and Registration Services.

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**Audience** All Revenue Cycle Management staff.

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**Policy** The UTMB Department of Admitting and Registration services will evaluate all unsponsored patients for potential eligibility of temporary COBRA premium assistance during the financial screening process. When a patient meets all eligibility criteria outlined in the policy, UTMB will pay the patient's COBRA premium (using non state funds) directly to the insurance company (on a temporary basis, to cover UTMB dates of service) when the patient has incurred significant hospital / physician charges for which the expected reimbursement will exceed the patient's COBRA premium under the conditions listed in the following policy.

### Eligibility of Temporary COBRA Premium Assistance

The following UTMB patients may be eligible for temporary COBRA premium assistance when they have incurred significant hospital / physician charges for which the expected insurance reimbursement will exceed the patient's COBRA premium.

1. UTMB patients who qualify for a 50% or 100% charity status (must be residents of Texas) who are also potentially eligible for COBRA coverage when they have received unplanned / unscheduled services in the below outlined settings:
  - a. Emergency Room
  - b. Labor & Delivery
  - c. Hospital-Observation Stay
  - d. Hospital-Inpatient Admission
  
2. Patients receiving schedule services, whether they are Clinic, Day Surgery, Hospital Observation Stay, and Hospital Inpatient Admission or otherwise, will not be eligible for temporary COBRA Premium assistance unless the service is associated with a previous unscheduled Emergency Room, Labor & Delivery, Hospital Observation stay or a Hospital Inpatient Admission and the expected insurance reimbursement will exceed the patient's COBRA premium.

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3. Patients who have other adequate health care coverage, whether commercial or government sponsored, are not eligible for this program.
4. COBRA premiums through the Temporary COBRA Assistance program will only be considered for the patient and will not extend to dependant coverage. Unless, the patient is the eligible dependant.
5. COBRA premiums through the Temporary COBRA Assistance program will only be considered for patients where a Pre-existing clause is not in effect.
6. COBRA premiums through the Temporary COBRA Assistance program will only be considered for patients where the employer or health plan agree to accept the premium directly from UTMB as payments will not be made to the patient.
7. UTMB will only pay COBRA premiums for months where there are / will be substantial unpaid / unfunded UTMB services for which the expected insurance reimbursement will exceed the amount of the COBRA premium and the estimated cost.

**Process**

1. The Admitting and Registration Services Staff will use the Financial Review & Confirmation form (FRC- see attachment) to document the outcome of the patient interview where all unsponsored patients will be asked “Have you lost group health plan coverage within the last 90 days?” “Have you applied or do you plan to apply for Cobra benefits?”
2. If the patient responds yes, the Admitting and Registration Services Staff will assist the patient in completing an application for Temporary COBRA Premium Assistance.
3. The completed application will be submitted to the Admitting Manager/designee for review and confirmation of COBRA eligibility & required premium payments via insurance verification. The outcome will be documented on the COBRA Verification / Premium worksheet.
4. Once eligibility has been confirmed and the required premium established, the application & COBRA Verification / Premium worksheet will be submitted to Assistant Director for approval. (Estimated turnaround time is same day / next business day.)

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**Cobra Premiums, Continued**

- The Assistant Director will review the application and COBRA Verification / Premium worksheet to make a final determination as to whether the patient will be approved. If approved, the application will be returned to the Admitting Manager who will review the approved application with the patient to ensure they fully understand that this assistance will be on a temporary basis. The Admitting Manager will also explain that the premium payment made on the patient’s behalf will be considered income by the IRS. As such, management will explain that the patient will receive a 1099 tax form at the beginning of the next year that should be filed as “other income” on their tax return. If not approved, Admitting Management will also review with the patient to explain why.

Upon obtaining the patient or responsible party’s signature, Admitting Management will forward a copy of the signed payment agreement to the HPFS director for check processing and mailing to the insurance company.

**Background Information Regarding COBRA**

COBRA, Consolidated Omnibus Budget Reconciliation Act, is the name of a federal law that outlines the provisions giving the following people the right to continue their healthcare coverage on a temporary basis at group rates.

- Qualified Former Employees
- Retirees / Employees Entitled to Medicare
- Spouses & Dependent Children.

This law typically extends to group health plans utilized by employers with 20 or more employees in the previous year and the coverage is only available in certain instances. COBRA usually is available to qualified individuals (listed above) that experience one of the following scenarios:

- Voluntary or involuntary termination of employment for reasons other than "gross misconduct"
- Reduction in the number of hours of employment
- Termination of the covered employee's employment for any reason other than "gross misconduct"
- Reduction in the hours worked by the covered employee

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### **Cobra Premiums, Continued**

- Covered employee's becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee
- Loss of a dependent child

Patients that are entitled to COBRA benefits should receive a notice from their health plan stating their rights to choose to continue benefits provided by the plan. Typically this notice is sent within 30 days after the health plan receives notice of a qualifying event from the employer. Upon receiving the notice, the patient will have 60 days to accept or not accept coverage and thereby forfeiting all rights to benefits.

<b>Qualifying Events</b>	<b>Beneficiary</b>	<b>Coverage</b>
<ul style="list-style-type: none"> <li>➤ Termination</li> <li>➤ Reduced hours</li> </ul>	<ul style="list-style-type: none"> <li>➤ Employee</li> <li>➤ Spouse</li> <li>➤ Dependent child</li> </ul>	<ul style="list-style-type: none"> <li>➤ 18 months</li> </ul>
<ul style="list-style-type: none"> <li>➤ Employee entitled to Medicare</li> <li>➤ Divorce or legal separation</li> <li>➤ Death of covered employee</li> </ul>	<ul style="list-style-type: none"> <li>➤ Spouse Dependent child</li> </ul>	<ul style="list-style-type: none"> <li>➤ 36 months</li> </ul>
<ul style="list-style-type: none"> <li>➤ Loss of "dependent child" status</li> </ul>	<ul style="list-style-type: none"> <li>➤ Dependent child</li> </ul>	<ul style="list-style-type: none"> <li>➤ 36 months</li> </ul>

### **Related Items**

- Financial Review and Confirmation form
- Application for Temporary COBRA Assistance
- Application for Financial Assistance
- Registration at UTMB Hospital and Clinics 9.1.1

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End of Policy