DEPARTMENT OF CONSUMER & BUSINESS SERVICES

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State Continuation

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What is state continuation?
State law allows employees of smaller employers (fewer than 20 employees) to keep the same group health insurance coverage for up to nine months after loss of a job or loss of coverage because of a reduction in work hours. This is called state continuation.

Who is eligible?
An employee who has had continuous health coverage (not necessarily with the same employer) for at least three months prior to the date employment or coverage ended. The employee's spouse and children are also eligible to maintain coverage.

When might someone need state continuation?

- A family member loses his or her job.
- A family member maintains employment but loses health coverage because hours are cut.
- The family member who is insured through work becomes eligible for Medicare and no longer has group coverage but other members of the family still need insurance.
- The family member with coverage dies or divorces and a spouse and/or children need insurance.

Does an employee have to continue coverage for other family members to use state continuation?
No. Family members can make different decisions about whether to continue their group coverage. For example, parents may find more affordable coverage for children under age 19 in the individual (non-employer sponsored) market.

Didn't state continuation change recently?
Legislation passed in 2011 made the following changes:

- Clarifies that employees are eligible for state continuation coverage when coverage is lost as a result of a reduction in hours.
- Requires insurance companies to notify employees of their eligibility for state continuation.
- Allows spouses and dependents to choose state continuation coverage even if the employee is ineligible or chooses not to keep the same group insurance. For example, an employee may be ineligible for state continuation if he or she is eligible for Medicare. However, the spouse could choose to continue the group coverage for nine months.

How does someone get state continuation?
If you wish to continue coverage, you must notify the insurer in writing the latter of:
(1) 10 days after the date you become eligible or
(2) 10 days after the date the insurer notifies you of your eligibility.

Employers' contracts with insurers typically require the employer to notify the insurer when an employee is no longer eligible for the employer's plan and thus eligible for state continuation. Once notified, the insurer has 10 days to notify you of your eligibility. However, employers do not always provide this notice to insurers in a timely manner. That's why it's a good idea to contact the insurer as soon as you become eligible for state continuation.

Who pays for state continuation coverage?
You have to pay the full price of the state continuation coverage. Most small employer group policies require employees to pay the premiums for state continuation insurance directly to their employers. Your employer can tell you the cost of the insurance, the date by which you must pay, and the manner in which payment must be provided.

What happens if the employer goes out of business or drops health coverage for everyone?
State continuation is not an option, but there are others. Insurance companies have a wide selection of individual plans for people who lack employer-sponsored coverage although adults age 19 and older may not qualify if they have pre-existing health conditions. In that case, Oregon has high-risk pools and "portability plans" that are options for people with health conditions. If your spouse or domestic partner has group insurance through an employer, you may be able to add yourself and your family to that plan. Consumer advocates at the Oregon Insurance Division can help explain these options: 1-888-877-4894.

Is state continuation similar to COBRA coverage?
Yes, but COBRA coverage is required of employers with 20 or more employees. If you have questions about COBRA coverage, contact the U.S. Department of Labor at 1-866-444-3272.