

FINANCE PROCEDURE MANUAL	TITLE: Insurance Processing – Former Employees	
	NUMBER: FIN-ACG-003	VERSION: 01
	ISSUED DATE: 9/8/2009	REVISION DATE: 2/8/2013

➤ **Purpose:**

To account for the notification and collection of insurance premiums from former employees under COBRA.

➤ **Definitions:**

Consolidated Omnibus Budget Reconciliation Act (COBRA): Federal Law that gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102 percent of the cost to the plan.

➤ **Responsibility:**

Human Resources: Administers the enrollment process.

Payroll: Administers the receipt of the premium.

➤ **Procedure Details:**

1. Human Resources will inform former employee of their option to retain health, dental, and life insurance under COBRA by paying premiums directly to the college.
2. Former employee will complete enrollment form and turn into Human Resources.
3. Human Resources will forward the enrollment form to Accounting Associate in Payroll.

4. Accounting Associate in Payroll processes premium payment at the applicable rate for the insurance coverage chosen.
5. Former employee is notified that premiums are due on the first (1st) of each month; however, under COBRA, the former employee may have up to 105 days for the first (1st) payment to be due.
6. Late payments will be accepted within a thirty (30) day grace period.
7. If payment is not received by the fifteenth (15th) of the current month the Accounting Associate in Payroll will contact the delinquent person in writing that premiums were due on the first (1st) of each month and it is the College's policy to cancel coverage if not paid within the 30 day grace period.

➤ **References:**

Accounting Manual for Florida's College System:

http://www.palmbeachstate.edu/finance/Documents/State_of_FL_Acctg_Manual.pdf

Consolidated Omnibus Budget Reconciliation Act (COBRA):

<http://www.dol.gov/dol/topic/health-plans/cobra.htm>