

## California Assembly Bill 356 May Require Additional Text In Notification Letters

### Summary

California Assembly Bill 356 (AB 356) implements several new requirements on employers, health plans and insurance companies that provide medical and hospital benefits for employees and individuals. Effective on plan renewal dates on or after July 1, 2006, the new mandate requires that additional text be added to Notification letters for individuals eligible for continuation coverage. The additional text required is:

*Please examine your options carefully before declining this coverage. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely.*

You should consult with your own legal counsel to determine whether or not your plans are affected by the new law. In the meantime, you may want to add the text to your current letters.

COBRA EAS provides an easy way to add the text for CA residents, as described in a subsequent section.

Under COBRA, employers with 20 or more employees must send notices to individuals who lose eligibility for employer provided health benefits of the availability of continuation coverage under COBRA. In addition, plans that include a conversion privilege must send notice to COBRA participants during the 6 month period before COBRA coverage terminates communicating the availability of the conversion option.

California laws commonly known as CAL-COBRA also require that health carriers provide notices of continuation rights to employees of employers with less than 20 employees. The new text may also be required for those employers.

### Adding The Additional Text

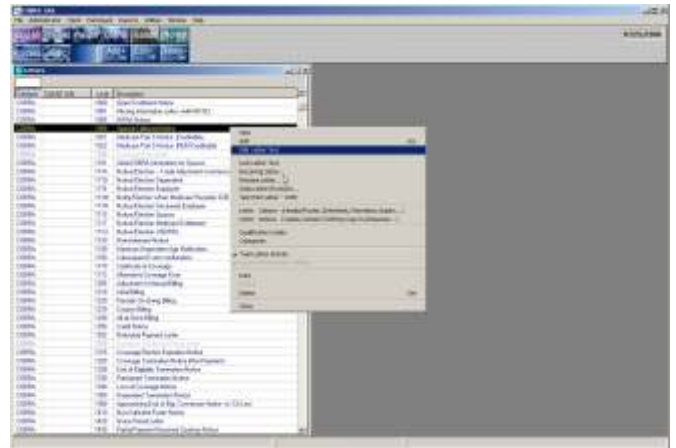
The additional text will need to be added to two letters in COBRA EAS. The two letters are Letter 1009, already set to output only to CA residents and Letter 1380, the End Of Eligibility Conversion Notice.

Follow the step by step instructions below to modify the two letters.

### Modify Letter 1009

#### Step 1

Open your letters file and highlight letter 1009. Right click and select Edit Letter Text from the right button menu.



#### Step 2

Add about three blank lines by placing your cursor one line below the instruction text at the top left of the letter. Type the heading "CAREFULLY CONSIDER YOUR OPTIONS"

Now click on the Format button at the upper right of the letter. Select Bold - click on it again and select Center. The letter now looks like the example below.



### Step 3

Next, move your cursor down one line below the heading and type the text below:

Please examine your options carefully before declining this coverage. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely.

When done your letter should look like the one shown below. Click OK to save it. The letter is already set to output only to residents of California.

When done your letter should look like the one shown below. Click OK to save it. The letter is already set to output only to residents of California.



You can get a copy of AB 356 at:

[http://www.leginfo.ca.gov/pub/bill/asm/ab\\_0351-0400/ab\\_356\\_bill\\_20051005\\_chaptered.html](http://www.leginfo.ca.gov/pub/bill/asm/ab_0351-0400/ab_356_bill_20051005_chaptered.html)

Should you require assistance when modifying these two letters please contact our support staff at:

800.523.8047.

Laws enacted by states generally do not apply to self insured plans.

Benefit Plan Systems Corporation does not practice law. This notice is provided only to advise you of a change in regulation. For a legal opinion please contact your attorney.

### Modify Letter 1380

Letter 1380 advises participants that their period of COBRA eligibility is coming to an end. A special California coverage extension notice is at the bottom of the letter. To insert the text in this letter just follow the steps below:

#### Step 1

Open the Letters file, scroll down to Letter 1380 - Approaching End Of Elig. Conversion Notice w/CA law. Open the letter by clicking on the Edit Letter Text button.

#### Step 2

Scroll down to the section titled CONTINUATION COVERAGE EXTENSION NOTICE.



#### Step 3

Go to the end of the first paragraph - Add the new text after the last sentence in the first paragraph.