



Agenda

- Purpose of COBRA being enacted and what Federal law requires of employers
- What employers are covered by the act
- State laws regarding continuation of insurance when COBRA may not be applicable
- Recognize who is a qualified beneficiary
- Discussion of COBRA qualifying events
- Explanation of duration of coverage
- Examples of the appropriate notices to send and when to send them
- Recognize when COBRA elections can be made and how the cost of coverage is paid



Who Is A Covered Employer?

- **Group health plans with 20 or more employees on more than 50% of the working days in the previous year.**
 - “Employees” include all full-time and part-time employees.
 - “Employees” may also include the self-employed, independent contractors, and corporate directors.
 - These individuals can be considered employees if their relationship to the employer allows them to be covered under the plan.



Qualifying Events for Employees

- **Voluntary or involuntary termination for reasons other than “gross misconduct”.**
- **Reduction in the number of hours of employment.**



Qualifying Events for Spouses

- **Termination of employee for any reason other than “gross misconduct”.**
- **Reduction in hours worked by employee.**
- **Employee becomes entitled to Medicare**
 - **And voluntarily chooses to cancel group coverage.**
 - **The employer cannot require cancellation of group coverage for a current employee.**
- **Divorce or legal separation of employee.**
- **Death of employee.**



Qualifying Events for Dependent Children

- **Termination of employee for any reason other than “gross misconduct”.**
- **Reduction in hours worked by employee.**
- **Employee becomes entitled to Medicare**
 - **And voluntarily chooses to cancel group coverage.**
 - **The employer cannot require cancellation of group coverage for a current employee.**
- **Divorce or legal separation of employee.**
- **Death of employee.**
- **Loss of “dependent child” status under the plan rules.**



Duration of Coverage

- **Termination of employment**
 - (Employee, spouse, dependent child) – **18 months**
- **Reduction in hours**
 - (Employee, spouse, dependent child) – **18 months**
- **Medicare entitlement of employee**
 - (spouse/dependent child) – **36 months**
- **Divorce/separation**
 - (spouse/dependent child) – **36 months**
- **Death of employee:**
 - (spouse/dependent child) – **36 months**
- **Loss of dependent child status:**
 - (dependent child) – **36 months**
- Qualified disabled beneficiaries when disabled during the first 60 days of COBRA become eligible for an additional **11 months** (in cases where the duration of coverage is 18 months) -- therefore, a total of **29 months**.



Notice Procedures

Types of Notice and Requirements:

General Notice (upon insurance eligibility)

- A **general notice** informing employees of their rights under COBRA and describing provisions of the law, must be furnished to all employees who are eligible for group coverage.
- COBRA information is required to be in the summary plan description (SPD) supplied to all participants.
- The SPD must be furnished 90 days after a person becomes a participant or a beneficiary begins receiving benefits.

Election Notice

- Employers must notify plan administrators within 30 days after a qualifying event.
- The plan administrators must send an **election notice** to the employee and/or family member(s) within 14 days of receiving notice of the qualifying event.
- If the employer is also the plan administrator, the election notice must be sent to the employee within 44 days.



Notices Procedures (cont'd)

- **COBRA Notice Of Unavailability**

- Used when a plan determines the qualified beneficiaries are not entitled to COBRA coverage.
- The beneficiaries must be notified within 14 days of the plan administrator receiving notice of the event that caused the loss of the benefit.

- **Notice of Termination**

- Used when COBRA coverage is terminated before the end of the 18, 29, or 36 month period.
- This notice is to be provided "as soon as reasonably practicable" following the determination that coverage will terminate.



Election of COBRA

- **Qualified beneficiaries have a 60-day period to elect coverage.**
- **The 60-day period is measured from the loss of coverage date or the date the election notice is sent... whichever is later.**
- **Coverage is retroactive to the date coverage was lost.**
- **An employee or an employee's spouse may elect COBRA on behalf of any other qualified beneficiary.**
- **Each qualified beneficiary, however, may independently elect COBRA coverage.**



Summary

- **The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that was enacted in 1985.**
- **The act requires covered employers with group health plans to offer health insurance continuation coverage to their covered employees, spouses, and dependents in certain situations when a loss of coverage occurs.**
- **Although covered employers must offer COBRA, they do not have to cover the cost associated with the coverage.**
- **Those individuals who qualify for COBRA may be responsible for the entire cost of the continuation benefit premium as well as an administration fee.**