

WHAT IS COBRA?

In 1985, Congress passed a bill called the Consolidated Omnibus Budget Reconciliation Act, better known as COBRA.

In the past, if an employee changed jobs or got fired or divorced as a dependent, they were at risk of immediately losing their group benefits. Under COBRA, an employee (and possibly their spouse and dependents) has the option to continue group benefits coverage for a limited amount of time, often at their own cost.

WHO IS ELIGIBLE FOR COBRA?

COBRA provides a valuable stopgap for people whose life circumstances may have changed unexpectedly and gives them temporary continued coverage in the interim.

You must meet three basic requirements to be entitled to COBRA:

1. Your group health plan must be covered by COBRA
2. A qualifying event must occur
3. You must be a qualified beneficiary

In general, COBRA covers group health insurance plans with 20 or more employees who work in the private sector or state and local governments. However, there are exceptions, including state-covered legislation that supports coverage with smaller companies with less than 20 employees.

The temporary continuation of group healthcare benefits doesn't only extend to a covered employee. It can also go to their spouse or former spouse or dependent children whose health coverage would otherwise be lost.

You may be eligible for COBRA benefits after the following events:

- Termination or reduction in hours of covered employee (with exception of gross misconduct)
- Divorce or legal separation from covered employee
- Death of a covered employee
- Covered employee becoming entitled to Medicare
- Child's loss of dependent status

COBRA QUALIFYING EVENTS FOR EMPLOYEES AND THEIR FAMILIES:

- Voluntary or involuntary termination of the covered employee’s employment for reasons other than gross misconduct.
- Reduced hours of work for the covered employee.
- Covered employee becoming entitled to Medicare.
- Divorce or legal separation of a covered employee.
- Death of a covered employee.
- Loss of status as a dependent child under plan rules.

INSTANCES THAT MAY IMPACT COBRA DURATION

QUALIFIED BENEFICIARY	QUALIFYING EVENT	PERIOD OF COVERAGE
Employee**Spouse/Dependent child	Termination Reduced hours	18 months
Spouse/Dependent child	Entitled to Medicare Divorce or legal separation Death of covered employee	36 months
Dependent child	Loss of dependent child status	36 months
<p>* This 18-month period may be extended for all qualified beneficiaries if certain conditions are met in cases where a qualified beneficiary is determined to be disabled for purposes of COBRA. However, COBRA also provides that continuation coverage may be cut short in certain cases.</p>		

IMPORTANT REMINDERS:

In the event of a divorce, legal separation, disability, or a child losing dependent status, the member or other covered persons must notify benefitexpress.

In the event of an employee's death, termination/separation, reduction in hours, or Medicare entitlement, the employer must notify benefitexpress.

In the event that a member changes their marital status or their spouse changes address, they should notify benefit.

Members may be required to pay the entire premium for coverage up to 102% of the cost to the plan. Premiums may be higher for persons exercising the disability provisions of COBRA. Failure to make timely payments may result in loss of coverage.