

FAQs on COBRA Continuation Health Coverage for Workers



U. S. Department of Labor
Employee Benefits Security Administration

Q1: What is COBRA continuation health coverage?

The Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefit provisions amend the Employee Retirement Income Security Act, the Internal Revenue Code and the Public Health Service Act to require group health plans to provide a temporary continuation of group health coverage that otherwise might be terminated.

Q2: What does COBRA do?

COBRA requires continuation coverage to be offered to covered employees, their spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain specific events. COBRA continuation coverage is often more expensive than the amount that active employees are required to pay for group health coverage, since the employer usually pays part of the cost of employees' coverage and all of that cost can be charged to individuals receiving continuation coverage.

Q3: What group health plans are subject to COBRA?

The law generally applies to all group health plans maintained by private-sector employers with 20 or more employees, or by state or local governments. The law does not apply to plans sponsored by the Federal Government or by churches and certain church-related organizations. In addition, many states have laws similar to COBRA, including those that apply to health insurers of employers with less than 20 employees (sometimes called mini-COBRA). Check with your state insurance commissioner's office to see if such coverage is available to you.

Q4: **There may be more affordable or more general health coverage options for you and your family through other group health plan coverage (such as a plan) the Health Insurance Marketplace, or Medicaid.**

Under the Health Insurance Portability and Accountability Act (HIPAA) , if you or your depend

declined coverage in the plan in which you now want to enroll

Qualifying Events - Qualifying events are events that cause an individual to lose his or her group health coverage. The type of qualifying event determines who the qualified beneficiaries are for that event and the period of time that a plan must offer continuation coverage. COBRA establishes only the minimum requirements for continuation coverage. A plan may always choose to provide longer periods of continuation coverage.

The following are qualifying events for covered employees if they cause the covered employee to lose coverage:

- f* Termination of the employee's employment for any reason other than gross misconduct; or
- f* Reduction in the number of hours of employment.

The following are qualifying events for the spouse and dependent child of a covered employee if they cause the spouse or dependent child to lose coverage:

- f* Termination of the covered employee's employment for any reason other than gross misconduct;
- f* Reduction in the hours worked by the covered employee;
- f* Covered employee becomes entitled to Medicare;
- f* Divorce or legal separation of the spouse from the covered employee; or
- f* Death of the covered employee.

In addition to the above, the following is a qualifying event for a dependent child of a covered employee if it causes the child to lose coverage:

- f* Loss of dependent child status under the plan rules. Under the Affordable Care Act, plans that offer coverage to children on their parents' plan must make the coverage available until the adult child reaches the age of 26.

Qualified Beneficiaries - A qualified beneficiary is an individual covered by a group health plan on the day before a qualifying event occurred that caused him or her to lose coverage. Only certain individuals can become qualified beneficiaries due to a qualifying event, and the type of qualifying event determines who can become a qualified beneficiary when it happens. A qualified beneficiary must be a covered employee, the employee's spouse or former spouse, or the employee's dependent child. In certain cases involving the bankruptcy of the employer sponsoring the plan, a retired employee, the retired employee's spouse or former spouse, and the retired employee's dependent children may be qualified beneficiaries. In addition, any child born to or placed for adoption with a covered employee during a period of continuation coverage is automatically considered a qualified beneficiary. An employer's agents, independent contractors, and directors who participate in the group health plan may

Q7:

Q9: If I waive COBRA coverage during the election period, can I still get coverage at a later date?

If you waive COBRA coverage during the election period, you must be permitted later to revoke your waiver of coverage and to elect continuation coverage as long as you do so during the election period. Then, the plan need only provide continuation coverage beginning on the date you revoke the waiver.

In addition, certain Trade Adjustment Assistance (TAA) Program participants have a second opportunity to elect COBRA continuation coverage. Individuals who are eligible and receive Trade Readjustment Allowances (TRA), individuals who would be eligible to receive TRA, but have not yet exhausted their unemployment insurance (UI) benefits, and individuals receiving benefits under Alternative Trade Adjustment Assistance (ATAA) or Reemployment Trade Adjustment Assistance (RTAA), and who did not elect COBRA during the general election period, may get a second election period. This additional, second election period is measured 60 days from the first day of the month in which an individual is determined eligible for the TAA benefits listed above and receives such benefit. For example, if an individual's general election period runs out and he or she is determined eligible for TRA (or would be eligible for TRA but have not exhausted UI benefits) or begin to receive ATAA or RTAA benefits 61 days after separating from employment, at the beginning of the month, he or she would have approximately 60 more days to elect COBRA. However, if this same individual does not meet the eligibility criteria until the end of the month, the 60 days are still measured from the first of

the COBRA rights. A plan, however, may provide longer periods of coverage beyond the maximum period required by law.

When the qualifying event is the covered employee's termination of employment or reduction in hours of employment, qualified beneficiaries are entitled to 18 months of continuation coverage.

When the qualifying event is the end of employment or reduction of the employee's hours, and the employee became entitled to Medicare less than 18 months before the qualifying event, COBRA coverage for the employee's spouse and dependents can last until 36 months after the date the employee becomes entitled to Medicare. For example, if a covered employee becomes entitled to Medicare 8 months before the date his/her employment ends (termination of employment is the COBRA qualifying event), COBRA coverage for his/her spouse and children would last 28 months (36 months minus 8 months). For more information on how entitlement to Medicare impacts the length of COBRA coverage, contact the Department of Labor's Employee Benefits Security Administration at askebsa.dol.gov or by calling 1-866-444-3272.

For other qualifying events, qualified beneficiaries must be provided 36 months of continuation coverage.

Q12: Can continuation coverage be terminated early for any reason?

A group health plan may terminate coverage earlier than the end of the maximum period for any of the following reasons:

- f* Premiums are not paid in full on a timely basis;
- f* The employer ceases to maintain any group health plan;
- f* A qualified beneficiary begins coverage under another group health plan after electing continuation coverage;
- f* A qualified beneficiary becomes entitled to Medicare benefits after electing continuation coverage; or
- f* A qualified beneficiary engages in conduct that would justify the plan in terminating coverage of a similarly situated participant or beneficiary not receiving continuation coverage (such as fraud).

If continuation coverage is terminated early, the plan must provide the qualified beneficiary with an early termination notice. The notice must be given as soon as practicable after the decision is made, and it must describe the date coverage will terminate, the reason for termination, and any rights the qualified beneficiary may have under the plan or applicable law to elect alternative group or individual coverage.

If you decide to terminate your COBRA coverage early, you generally won't be able to get a Marketplace plan outside of the open enrollment period. For more information on alternatives to COBRA coverage, see question 4 above.

Q13: Can I extend my COBRA continuation coverage?

If you are entitled to an 18 month maximum period of continuation coverage, you may become eligible for an extension of the maximum time period in two circumstances. The first is when a qualified

Disability - If any one of the qualified beneficiaries in your family is disabled and meets certain requirements, all of the qualified beneficiaries receiving continuation coverage due to a single qualifying event are entitled to an 11-month extension of the maximum period of continuation coverage (for a total maximum period of 29 months of continuation coverage). The plan can charge

Some employers may subsidize or pay the entire cost of health coverage, including COBRA coverage,

FMLA ceases, such as when an employee taking FMLA leave decides not to return to work and notifies an employer of his or her intent not to return to work. Further information on the FMLA is available on the Website of the U. S. Department of Labor's Wage and Hour Division at dol.gov/whd or by calling toll-free 1-866-487-9243.

Q20: I have both Medicare and COBRA coverage, how do I know which will pay my benefits?

Medicare is the Federal health insurance program for people who are 65 or older and certain younger people with disabilities or End-Stage Renal Disease. If you are enrolled in Medicare as well as COBRA continuation coverage, there may be special coordination of benefits rules that determine which coverage is the primary payer of benefits. Check your Summary Plan Description to see if special rules apply or ask your plan administrator. For more information on Medicare, visit Medicare.gov or call 1-800-MEDICARE.

Q21: Am I eligible for COBRA if my company closed or went bankrupt and there is no health plan?

If there is no longer a health plan, there is no COBRA coverage available. If, however, there is another plan offered by the company, you may be covered under that plan. Union members who are covered by a collective bargaining agreement that provides for a medical plan also may be entitled to continued coverage.

Q22: I am a federal employee. Can I receive benefits under COBRA?

Federal employees are covered by a law similar to COBRA. Those employees should contact the personnel office serving their agency for more information on temporary extensions of health benefits.

Q23: Where can I go if I have questions or want more information on COBRA?