

COBRA Continuation Health Coverage

Slide 1:

The Consolidated Omnibus Budget Reconciliation Act, or COBRA is an amendment to the Employee Retirement Income Security Act, the Internal Revenue Code and the Public Health Service Act, to provide continuation of group health coverage that otherwise might be terminated.

Slide 2:

So what does that mean to you? COBRA contains provisions giving certain former employees, retirees, spouses, former spouses and dependent children the right to the temporary continuation of health coverage at group rates. If you qualify for the group rates, though they are a little higher than the health coverage while you were an active employee; it is still cheaper than individual plans.

Slide 3:

Most employers who have 20 or more employees are required to offer COBRA, they are also required to notify their employees. So if your former employer had more than 20 employees, you should have been notified about COBRA's availability.

COBRA applies to plans maintained by private-sector employers and is sponsored by most state and local governments.

Slide 4:

There are three elements to qualifying for COBRA benefits, they are: plan coverage, qualified beneficiaries and qualifying events.

Slide 5:

Employers with at least 20 or more employees on more than half of its typical business days in the previous calendar year are subject to COBRA. Both full and part-time employees are counted.

Slide 6:

Qualified beneficiaries are usually individuals covered by a group health plan on the day before a qualifying event who is either an employee, the employee's spouse or dependent children. In some cases a retired employee, the retired employee's spouse or dependent children may also be qualified beneficiaries. Agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.

In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.

Slide 7:

Now that you know what a qualified beneficiary is, it's time to find out what a qualifying event might be. Qualifying events are certain circumstances that would cause an individual to lose health coverage. The type of event will determine who the qualified beneficiaries are and the amount of time that a plan must offer health coverage to them under COBRA. A plan at its discretion, may provide longer periods of continuation coverage.

Qualifying events for employees are:

- Voluntary or involuntary termination of employment for reasons other than gross misconduct.
- Reduction in the number of hours of employment
- Qualifying events for spouses are the same as the qualifying events for employees with the addition of:
 - Divorce or legal separation of the covered employee
 - Death of a covered employee
- The events for dependent children are the same with one addition:
 - Loss of dependent child status under the plan rules.

Slide 8:

If you are a qualified beneficiary, then you are entitled to the same coverage that current employees who are not receiving COBRA coverage under the group health plan receive.

Any changes to the benefits under the group plan for current employees will also apply to qualified beneficiaries. If you are receiving COBRA coverage during the time of open enrollment for the group plan, you will be allowed to make the same choices as current employees.

Slide 9:

As a beneficiary you may be required to pay for COBRA coverage. The premium cannot exceed 102 percent of the cost to the plan for current employees. That includes both the portion paid by employees, and any portion paid by the employer before the qualifying event, plus two percent for administrative costs.

Slide 10:

If you are interested in electing COBRA coverage, your employer has 30 days to notify your health plan administrator of your qualifying event. Once that is done, the carrier has 14 days to send an election notice to you, after which you have 60 days to decide whether or not to elect COBRA continuation coverage. Once you've chosen to receive the coverage you then have 45 days to pay the initial premium.

Slide 11:

Once you've elected to enroll in COBRA, your coverage would start on the date that your health care coverage would have ended had you not elected to enroll.

Slide 12:

COBRA plans generally cover beneficiaries up to 18 months. However if a second qualifying event occurs during the initial period of coverage, the beneficiary could receive up to 36 months of coverage.

Although COBRA specifies certain periods of time that continued health coverage must be offered to qualified beneficiaries, COBRA does not prohibit plans from offering continuation health coverage that goes beyond the COBRA periods.

Slide 13:

Your COBRA coverage could end earlier if any of the following events occur:

- Premiums are not paid on a timely basis
- The employer ceases to maintain any group health plan
- After the COBRA election, the employer obtains health care coverage with another carrier that does not contain any exclusion or limitation with respect to any pre-existing condition of such beneficiary. However if other group coverage is obtained prior to your choosing COBRA; coverage may not be discontinued, even if the other coverage continues after the COBRA election.
- It may also be discontinued if after the COBRA election a beneficiary becomes entitled to Medicare benefits. However, if Medicare is obtained prior to COBRA election, COBRA coverage may not be discontinued, even if the other coverage continues after you've selected COBRA coverage.

Slide 14:

If the company you worked for closed or declared bankruptcy and there is no longer a health plan, then unfortunately there is no COBRA coverage available. However, if the company offers an alternative plan, you could be covered under that plan.

If you are union member and you are covered by a collective bargaining agreement that provides for a medical plan, you may also be entitled to continued coverage.

Slide 15:

To learn more about COBRA click on the link on your screen.