

COBRA

COBRA Compliance Requirements

An employer health plan for employees that averaged 20 or more employees in the last calendar year, are required to offer COBRA to their employees.

Employees only need to be covered under the health plan for one day to be eligible for COBRA continuation.

Every employer with 20 or more employees is required to notify each employee and their eligible dependent(s) about their COBRA rights when they first become covered under the group health plan.

Each time coverage is lost due to a "Qualifying Event" employers are required by federal law to notify the employee within 30 days of the "qualifying event" even if the employee states that he or she does not want or need to continue benefits under COBRA. This notice must be sent to the last known address and separate notifications must be sent to the employees eligible dependents should they live at a separate address.

Employers must allow continued coverage for employees and their eligible dependents for up to 18 months as a result of unemployment or reduction in hours. Additionally, an employer may elect to continue coverage for other Qualifying Events such as:

- Death of the employee
- Divorce or legal separation
- Dependents that cease to be a "dependent" under the terms of the group Health plan
 - An employee losing coverage because of Medicare eligibility

Qualified dependents (an employee's spouse or dependent child who is covered on the day before the Qualifying Event) are entitled to elect to continue their coverage, within 60 days of receipt of the COBRA notification.

The same health benefits offered to active employees must be available to COBRA qualified dependents. Dependents may also choose from the "core" coverage or other health benefit options offered to active employees.

Employees who elect to continue benefits after a qualifying event may be allowed to add new dependents under their extended coverage and also change benefits annually if the option is available to active employees. This continued coverage must be offered to eligible employees even if the group falls below 20 full or part-time employees.

Initial premium payment for continuation must be received within 45 days after the date of election by COBRA participants. A grace period of no less than 30 days would be required for all subsequent premiums.

COBRA qualified employees are billed the group's active health plan rates plus an additional 2% administrative expense allowed by the COBRA regulation.

If the Social Security Administration determines that the qualified beneficiary is considered disabled under Title II or XVI of the Social Security Act within 60 days of the qualifying event, the continuation period must be extended for 29 months from the qualifying event rather than 18 months. Once the beneficiary is eligible for Medicare, COBRA coverage will cease.

COBRA coverage must be continued even if an exclusion or limitation with respect to any pre-existing condition affects a continuant's current coverage.

Following the expiration of COBRA coverage, the qualified continuee must be offered continuation coverage under any conversion plan that is available to the groups employees.