COBRA Continuation Coverage

- Applies to all private-sector/state and local government group health plans (GHP) offered by employees that have at least 20 employees on more than 50% of their typical business days in the previous calendar year.
- Does not apply to Federal Government employers and church plans.
- Count each part-time (PT) employee as a fraction of the hours that the PT employee worked divided by the hours an employee must work to be considered full-time.
  - Do not count retirees.
  - Controlled Group rules apply when counting employees.
- Three steps are needed to determine COBRA entitlement:
  - Qualified Beneficiary.
  - Triggering Event.
  - Loss of Coverage.

Qualified Beneficiary (QB)

- Employee, former employee, spouse, or dependent child covered under the GHP on the day before the qualifying event.
- Children born to or placed for adoption with the employee while employee is on COBRA.

Triggering Event

- Covered Employee:
  - Termination of a covered employee's employment (voluntary and involuntary).
  - Reduction in hours of a covered employee's employment.
- Spouse and dependent child (in addition to covered employee's events above):
  - Death of a covered Employee.
  - Divorce or legal separation of a covered employee.
  - Loss of "dependent child" status.
  - A covered employee's entitlement to Medicare.

Loss of Coverage

- Termination of coverage or any change to the terms and conditions of the plan immediately prior to triggering event.

Qualifying Event

- A triggering event causes a loss of coverage for a QB. When a Qualifying Event occurs the QB(s) are entitled to elect COBRA.

Length of Coverage

QUALIFYING EVENT	QUALIFIED BENEFICIARY (QB)	DURATION OF COVERAGE
Employee's Termination other than for gross misconduct	Employee, Spouse, Dependent Child	18 months
Employee's reduction in hours	Employee, Spouse, Dependent Child	18 months
Divorce or legal separation	Spouse, Dependent Child	36 months
Death of covered employee	Spouse, Dependent Child	36 months
Covered employee enrollment in Medicare	Spouse, Dependent Child	36 months
Loss of "dependent child" status	Spouse, Dependent Child	36 months

COBRA Notices

- COBRA rights must be described in the Summary Plan Description.
- **COBRA General Notice:** Must be provided to employee and employee's spouse within first 90 days of coverage that describes all COBRA rights and responsibilities.
- **COBRA Election Notice:** must be provided within 14 days of notice of Qualifying Event.
  - Where employer and plan administrator are the same, must be provided within 44 days.
- **Notice of Early Termination:** Must be provided as soon as practicable to any QB whose COBRA continuation is terminating before the end of maximum coverage period (e.g., failure to pay premiums, enrollment in another GHP or Medicare).
- **Notice of Unavailability:** Must be provided within 14 days to any individual who requests COBRA continuation but is ineligible for continuation coverage.

Election Period

- Begins on/before date QB would lose coverage as a result of QE and must not end 60 days from the later of:
  - Date coverage would be lost as a result of QE, or
  - Date Election Notice is provided to QB.

Premiums

- Fully Insured Plans: total premium charged by the Carrier plus 2%.
- Self-funded plans: applicable premium plus 2%. Plans must establish an applicable premium to determine COBRA rate.