

COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires that employers provide former employees and dependents who lose group health benefits with an opportunity to continue group health insurance coverage.

Employers who employed 20 or more Employees on more than 50% of the business days in the prior calendar year are subject to COBRA.

Small-Employer Plans, church plans, and governmental plans are not subject to COBRA. However, state and local governments are required to comply with parallel continuation coverage requirements under the Public Health Service Act. Individuals covered under the Federal Employees Health Benefit Program are provided with similar, but not identical, rights to continue coverage.

Notice Requirement	Summary
<p>Initial/General COBRA notice – Plan administrator must provide generally within 90 days of when group health plan coverage begins</p>	<p>Notice to covered employees and covered spouses of the right to purchase temporary extension of group health coverage when coverage is lost due to a qualifying event.</p> <p>The DOL’s model General COBRA Notice is available at: www.dol.gov/ebsa/compliance_assistance.html under COBRA guidance.</p>
<p>Notice to plan administrator - Employer must notify plan administrator within 30 days of a) qualifying event or b) the date coverage would be lost as a result of the qualifying event, whichever is later.</p>	<p>Notice of certain qualifying events must be sent to plan administrator when employer is not plan administrator (e.g., employer has contracted with a third party to administer COBRA).</p> <p>The following qualifying events trigger the employer’s notice requirement: (a) employee’s termination or reduction in hours; (b) employee’s death; (c) employee’s Medicare entitlement; and (d) employer’s bankruptcy.</p>
<p>COBRA election notice – Plan administrator must generally provide within 14 days after being notified by the employer or qualified beneficiary of the qualifying event (or 44 days after qualifying event if employer is also plan administrator)</p>	<p>Notice to qualified beneficiaries of their right to elect COBRA coverage upon occurrence of qualifying event. Qualified beneficiaries may be covered employees, covered spouses and dependent children.</p> <p>The DOL’s model COBRA Election Notice is available at: www.dol.gov/ebsa/compliance_assistance.html under COBRA guidance.</p> <p>NOTE: The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, mandated that plans notify certain current and former participants and beneficiaries about the COBRA premium reduction. The premium reduction generally applies to individuals who lost health plan coverage due to an involuntary termination of employment between Sept. 1, 2009, and May 31, 2010.</p>
<p>Notice of unavailability of COBRA – Plan administrator must provide this notice generally within 14 days after being notified by the individual of the qualifying event (or 44 days after qualifying event if employer is also plan administrator).</p>	<p>Plan administrator must send a notice that an individual is not entitled to COBRA coverage to those individuals who provide notice to the plan administrator of a qualifying event whom the plan administrator determines are not eligible for COBRA coverage.</p>

Notice Requirement	Summary
<p>Notice of early termination of COBRA coverage – Plan administrator must provide as soon as practicable following the plan administrator’s determination that coverage will terminate</p>	<p>Notice to qualified beneficiaries that COBRA coverage will terminate earlier than the maximum period of coverage. The notice must include the reason for early termination, date of termination and any rights that qualified beneficiary may have to elect alternative group or individual coverage, such as a conversion right. May be sent with HIPAA certificate of creditable coverage.</p>
<p>Notice of insufficient payment – Plan administrator must provide reasonable period of time to cure deficiency before terminating COBRA (e.g., 30-day grace period).</p>	<p>Plan administrator must notify qualified beneficiary that payment for COBRA was not significantly less than the correct amount before coverage is terminated for nonpayment. A payment is not significantly less than the amount required if the deficiency is no greater than the lesser of \$50.00 or 10 percent of the amount the plan requires to be paid.</p>
<p>Premium change notice – Plan administrator should provide at least one month prior to effective date</p>	<p>COBRA does not explicitly require advance notice of a premium increase. However, COBRA regulations provide that if a COBRA premium payment is short by an amount that is insignificant, the qualified beneficiary must be provided notice of such underpayment and a reasonable amount of time to make the payment difference.</p> <p>Also, COBRA requires equal coverage and, to some extent, equal treatment between COBRA qualified beneficiaries and similarly situated non-COBRA beneficiaries.</p> <p>The DOL has stated that continuation coverage should not be terminated for insufficient payment if COBRA qualified beneficiaries are not provided a reasonable advance notice of increased premiums and a reasonable opportunity to pay the increased premium.</p>

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