

Employee Benefits Series



COBRA Quick-Start Guide



COBRA QUICK-START

COBRA (the federal [Consolidated Omnibus Budget Reconciliation Act](#)) generally requires group health plans sponsored by employers with 20 or more employees in the prior year to provide covered employees and their family members the right to continue group health benefits for limited periods of time when coverage under the plan would otherwise end due to certain events (called qualifying events). This chart provides a simple, quick way to view COBRA requirements related to plans, qualified beneficiaries, and qualifying events.

Plan Coverage

- Group health plans for employers with **20 or more employees** on more than 50% of typical business days in the previous calendar year
- Each part-time employee counts as a fraction of an employee, equal to the number of hours the part-time employee worked divided by the hours an employee must work to be considered full-time

Qualified Beneficiaries

- An individual covered by a group health plan on the day before a qualifying event, who is either:
 - An employee
 - The employee's spouse (including legally married same-sex spouses)
 - The employee's dependent child
- Any child born to or placed for adoption with a covered employee during the period of COBRA coverage

In certain cases, a retired employee (and such employee's spouse and dependent children), as well as agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.

Qualifying Events

For employee/spouse/dependent child:

- Termination of covered employee's employment (other than for gross misconduct)
- Reduction in hours worked by the covered employee

For spouse/dependent child only:

- Covered employee becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

For dependent child only:

- Loss of dependent child status under the plan rules

An event is a qualifying event only if it would cause the qualified beneficiary to lose coverage under the plan. The type of qualifying event determines who the qualified beneficiaries are and the amount of time the plan must offer health coverage to them under COBRA.

Note: This guide provides a general overview of qualifying events under COBRA and is not a comprehensive summary. [An Employer's Guide to COBRA](#) has more information. Be sure to also review the law in [your state](#) for applicable "mini-COBRA" requirements (including for companies with fewer than 20 employees). If you have any questions regarding your obligations, please consult an employment law attorney.

COBRA QUICK-START (cont'd)

Duration of COBRA Continuation Coverage

Once a qualifying event has taken place, it is important to understand the duration of the continuation coverage based on the qualifying event, as well as the qualified beneficiaries entitled to be covered by COBRA. The following chart provides a quick summary of how long coverage may continue under COBRA.

Qualified Beneficiary	Qualifying Event	Maximum Period of Continuation Coverage
Employee Spouse Dependent child	Termination (except for gross misconduct) Reduced hours	18 months*
Spouse Dependent child	Employee entitled to Medicare Divorce or legal separation Death of covered employee	36 months
Dependent child	Loss of dependent child status	36 months

*There are [two circumstances](#) in which individuals who are entitled only to an 18-month maximum period of COBRA can become entitled to an extension of continuation coverage—when a second qualifying event occurs or when a qualified beneficiary is determined by the Social Security Administration to be disabled. The plan rules should describe the notice required in either instance for the qualified beneficiary to extend COBRA.

Second Qualifying Event—Up to 36 Months of COBRA

An 18-month extension may be available to qualified beneficiaries (for a total maximum period of **36 months** of continuation coverage) if a second qualifying event occurs. The second event can be a second qualifying event only if it would have caused the qualified beneficiary to lose coverage under the plan in the absence of the first qualifying event. Second qualifying events include:

- Death of the covered employee;
- Divorce or legal separation of the covered employee and spouse;
- Medicare entitlement; and
- Loss of dependent child status under the plan.

Disability—Up to 29 Months of COBRA

If one of the qualified beneficiaries in a family becomes disabled at any time either before becoming eligible for COBRA continuation coverage or within the first 60 days of being covered by COBRA continuation coverage, all of the qualified beneficiaries in that family may be entitled to an 11-month extension (for a total maximum period of **29 months** of continuation coverage). To qualify for a disability extension:

- The disabled qualified beneficiary must be determined by the Social Security Administration (SSA) to be disabled some time before the 60th day of COBRA continuation coverage; and
- The disability must continue during the rest of the initial 18-month period of COBRA coverage.

The right to a disability extension may be terminated if the SSA determines the qualified beneficiary is no longer disabled, and the plan can require the individual to provide notice when such a determination is made.

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Provided by:



Saratoga Benefit Services LLC
7 East Main Street, Suite 200
Moorestown, NJ 08057

Phone: 856-642-2949
www.saratogabenefits.com/

Written and created by: HR 360, Inc. | Last reviewed on February 25, 2016

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