

COBRA FAQ

Check out some of the most frequently asked questions about COBRA.

General COBRA



What is COBRA?

COBRA is an acronym that stands for the Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA for short. COBRA provides a temporary continuation of an employee's group health coverage for a limited amount of time, and provides some financial security for workers that would otherwise lose their insurance.



Who is eligible for COBRA?

An employee must be offered COBRA if they experience a qualifying life event (QLE) that results in a loss of group health coverage.

Qualifying events for employees and dependents include:

- Voluntary or involuntary termination of employment (for reasons other than gross misconduct)
- Reduction in hours of employment (e.g., full-time to part-time)
- These kinds of QEs provide a maximum of 18 months of COBRA coverage.

Qualifying events for dependents only include:

- Death of covered employee
- Divorce or legal separation from covered employee
- Covered employee's becoming enrolled in Medicare
- Loss of dependent child status under plan rules (e.g., child reaches age at which no longer legally covered by plan)
- These kinds of QEs provide a maximum of 36 months of COBRA coverage.



Who's responsibility is it (EE or ER) to notify the plan administrator of a QE?/ Who's responsibility is it to notify the plan administrator of a qualifying event notice?

A qualifying event notice (or notification to the plan of the qualifying event) can be either the employer responsibility or the employee.

It is the employer's responsibility if the QE is:

- Termination of the covered employee or reduction in hours
- The death of the covered employee
- The covered employee becoming entitled to Medicare, or
- Employer bankruptcy

It is the employee's responsibility if the QE is:

- Divorce,
- Legal separation, or
- A child's loss of dependent status under the plan.

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COBRA Timelines



How long does an employer have to send out COBRA to an employee was terminated or once benefits end?

Employers must notify qualified beneficiaries within 14 days of the qualifying event.



What's the timeline for a participant or member after a qualifying event?

If the qualifying event is one of the following: employee's termination of employment, employee's reduction in hours, death of employee, medicare entitlement of employee, or employer bankruptcy the timeline would be as follows:

1. The Specific Rights Notice (SRN) must be furnished within 44 days of the qualifying event.
2. Qualified beneficiaries (QBs) have 60 days to elect COBRA coverage. Note: The election period begins on the date the SRN is furnished or the date coverage is lost, whichever is later.
3. QBs have 45 days from the date of their election to pay the initial premium payment. Note: The initial premium payment includes all monthly premiums that have become due since the first day of COBRA (FDOC).



What's the timeline for a participant or member after a qualifying event?

If the QE was any of the following: divorce from employee, or loss of dependent status the timeline would be as follows:

1. Employees must notify their employer within 60 days of the qualifying event.
2. The Specific Rights Notice (SRN) must be furnished within 14 days of the notification of the qualifying event.
3. Qualified beneficiaries (QBs) have 60 days to elect COBRA coverage.
4. QBs have 45 days from the date of their election to pay the initial premium payment.

COBRA Open Enrollment



Can a participant make changes during open enrollment while on COBRA?

Yes, COBRA participants can make changes during an open enrollment period just like actively covered individuals. Information is sent to notify participants during open enrollment for your group's plan. Depending on the changes made to the plans, they may have the option to change carriers and/or update coverage levels (e.g., from single to family coverage).



Does that mean participants could add a plan they did not initially elect?

Yes, if the participant initially waived those plans during their Qualifying Event, they could now elect them during Open Enrollment as the COBRA participants are afforded the same rights as their active employee counterparts.