



COBRA FAQ:

Understanding your responsibilities when it comes to COBRA compliance is the best way to prevent expensive mistakes. The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that requires certain-sized employers with group health plans to offer employees, their spouses, and their dependents a temporary continuation of health coverage if they lose coverage due to certain specified events. If you need a refresher, the following are five key points:

COBRA generally applies to group health plans maintained by employers with at least 20 employees on more than 50% of typical business days in the prior year.

Each part-time employee counts as a fraction of a full-time 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.

Only qualified beneficiaries are entitled to COBRA continuation coverage.

Generally, qualified beneficiaries include employees, their spouses, and their dependent children who are covered under a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during a period of COBRA coverage is automatically considered a qualified beneficiary.

Qualifying events are events that cause an individual to lose group health coverage.

Voluntary or involuntary termination of a covered employee (other than for gross misconduct) or a reduction in hours of work are qualifying events for the employee and his or her spouse and dependent child. Additional qualifying events for a spouse and dependent child include the covered employee's death, divorce, or entitlement to Medicare.

The type of qualifying event determines the amount of time the plan must offer qualified beneficiaries COBRA continuation coverage.

When the qualifying event is the covered employee's termination of employment (other than for gross misconduct) or reduction in hours of work, qualified beneficiaries must be provided **18 months** of continuation coverage. (In certain circumstances, this period may be extended due to disability or the occurrence of a second qualifying event.) For other qualifying events, qualified beneficiaries must be provided **36 months** of continuation coverage.

Group health plans must provide qualified beneficiaries with specific notices explaining their COBRA rights

One way to avoid mistakes is to use the [Model General Notice](#) and the [Model Election Notice](#) provided by the U.S. Department of Labor, filling in the blanks with your plan information. Other notices, such as the Notice of Unavailability of Continuation Coverage and the Notice of Early Termination of COBRA Coverage, should be sent to qualified beneficiaries as necessary. COBRA rights must also be described in the plan's summary plan description (SPD). Keep in mind that many states have enacted what are commonly referred to as "mini-COBRA" laws, which typically require continuation of group health plan coverage provided by employers with **fewer than 20 employees**. Employers of all sizes should check to see if a state mini-COBRA law applies to their plans and if so, how the law differs from federal COBRA. Be sure to consult with a trusted employment law attorney or benefits advisor if you have any questions as to how COBRA and/or mini-COBRA apply to a particular plan or your obligations under the law.

For more information, call 951.656.9273