

COBRA

Frequently Asked Questions



COBRA (aka Consolidated Omnibus Budget Reconciliation Act of 1985) is a federal law that allows you to keep your healthcare coverage under your employer's group plan if you lose coverage due to a 'qualifying event.'

What is a qualifying event?

Qualifying events that generally result in loss of coverage:

- Job loss
- Reduced work hours
- Divorce or legal separation from the covered employee
- Covered employee becomes Medicare-eligible
- Death of the covered employee

Who is eligible for COBRA?

To qualify for COBRA, you must have been covered by your employer's group health plan prior to the qualifying event. Spouses and dependent children are also eligible if they had coverage under the same group plan before the qualifying event.

Do I have to elect COBRA?

You do not have to elect COBRA. You may shop elsewhere for insurance, including on exchanges set up through the Affordable Care Act (ACA).

What benefits are covered?

Under COBRA, you must receive the same health plan coverage that is available to active employees and their families. This is usually the same coverage you had prior to the qualifying event.

Can I keep some coverage but decline others?

Yes. As long as you had coverage in specific plans (health, vision, dental) before the qualifying event, you may pick and choose which coverages to keep. For instance, you could keep vision and dental, or you could keep only health, etc. The same applies to covered dependents.

Who pays for COBRA?

You (or your dependents) pay for COBRA.

How much does COBRA cost?

Cost varies by plan. However, your cost cannot exceed 102% of the total premium for similarly covered individuals who have not had a qualifying event.

Can I pick and choose who is covered under COBRA?

Yes. You may choose to only cover yourself, or only certain dependents. Keep in mind, covered individuals must have been on the plan before the qualifying event.

I have an HSA. Can I use it to pay for COBRA?

Yes, you can use your HSA funds to pay for COBRA premiums. You may also make contributions to your HSA while on COBRA if you're covered by a qualified high deductible health plan.

Is there a time limit on electing COBRA?

If you're eligible for COBRA, the company must give you an election period of at least 60 days to make a decision.

If I waive COBRA, can I elect coverage later?

Yes, but only within the election period. In this case coverage begins on the date you revoke the initial waiver of coverage.

How long can I receive COBRA coverage?

You can receive COBRA coverage for 18 months. Under certain circumstances, you may be able to get an 18 month extension (total 36 months).

If we have a child or adopt while on COBRA, are those children considered qualified beneficiaries?

Yes. The U.S. Department of Labor states that "Any child born to or placed for adoption with the covered employee during the period of continuation coverage is automatically considered a qualified beneficiary" regardless of whether the qualifying event occurred before, on, or after such date if they are enrolled within 30 days of birth or adoption.

My company closed and there is no health plan. Am I eligible for COBRA insurance?

If there is no longer a health plan, COBRA is not available. Union members covered under a collective bargaining agreement that provides for a medical plan may be entitled to continuing coverage.

Can my COBRA coverage be canceled before the maximum coverage period?

Yes. A group health plan may cancel an individual's coverage for the following reasons:

- Premiums are not paid in full on a timely basis
- The employer ceases to maintain a group health plan
- A qualified beneficiary starts receiving coverage under another group health plan
- A qualified beneficiary becomes entitled to Medicare benefits
- A qualified beneficiary commits an act (such as fraud) that would result in coverage loss for a participant who was not receiving continuing coverage

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