

Health Insurance Webinar Series: **COBRA**

What is COBRA?

- Part of the Consolidated Omnibus Budget Reconciliation Act of 1985
- COBRA benefits are offered through the employer and governed by the US Department of Labor.
 - COBRA benefits management is often outsourced to a third party.
- Guarantees some level of health insurance portability for individuals after a change in employment status
 - COBRA coverage applies to MOST employers with 20 or more employees, but this varies by state (can be as few as 2 employees).
 - Certain government employee are NOT eligible for COBRA (They are covered under a different plan).

What is COBRA?

- Employees may be required to pay the FULL COST of the health insurance premium under COBRA + administrative fees.
 - Your (former) employer is not required to contribute any dollars towards the cost of your coverage + potential administration fees.
- COBRA coverage lasts 18-36 months, depending on the QUALIFYING EVENT.
- Who is entitled to COBRA continuation coverage?
 - Your employer sponsored group health plan is COBRA covered/eligible
 - You must experience a qualifying event
 - You must be a qualified beneficiary for the qualifying event
 - You must receive an election notices with 14 days after the plan administrator is informed of a qualifying event
 - You have 60 days to choose whether to elect continuation coverage

What is a Qualifying Event?

Qualifying Event	Qualified Beneficiaries	Maximum Period of Continuation Coverage
Termination or reduction of hours of employment	Employee Spouse Dependent children	18 months
Employee enrollment in Medicare	Spouse Dependent children	18/29/36 months*
Divorce or legal separation	Spouse Dependent children	36 months
Death of employee	Spouse Dependent children	
Loss of dependent child status under the plan	Dependent children	36 months

*Amount of time depends on when Medicare entitlement occurs; before or after qualifying event.

COBRA Coverage Ends If...

- Employee doesn't pay premium
- Medicare becomes active
- Employee commits fraud
- Employer stops offering health plans to all employees
- Employer goes out of business

COBRA and Disability

- Individuals who are determined to be disabled can utilize COBRA continuation coverage for up to 29 months.
- This works with the SSA time frame for disability determination, waiting period and Medicare eligibility after two years of receiving SSDI.
- The disabled individual **MUST** inform the plan administrator of the SSA disability determination within 60 days of the disability determination to receive COBRA continuation benefits for 29 months.

COBRA and The Affordable Care Act

- I have COBRA and it's too expensive. Can I drop it during Open Enrollment and enroll in a Marketplace plan instead?
 - During Open Enrollment, you can sign up for a Marketplace plan even if you already have COBRA.
 - You will have to drop your COBRA coverage effective on the date your new Marketplace plan coverage begins.
 - After Open Enrollment ends, however, if you voluntarily drop your COBRA coverage or stop paying premiums, you will not be eligible for a special enrollment opportunity and will have to wait until the next Open Enrollment period.
 - Only exhaustion of your COBRA coverage triggers a special enrollment opportunity.

COBRA and The Affordable Care Act

- I have COBRA and it is very expensive, but Open Enrollment is over. Can I drop my COBRA and apply for a marketplace plan outside of Open Enrollment?
 - No, voluntarily dropping your COBRA coverage or ceasing to pay your COBRA premiums will not trigger a special enrollment opportunity.
 - You will have to wait until you exhaust your COBRA coverage or until the next Open Enrollment (whichever comes first) to sign up for other non-group coverage.

COBRA and The Affordable Care Act

- I'm lost my job and will be eligible for COBRA. Can I shop for coverage and subsidies on the Marketplace instead?
 - Yes, leaving your job and losing eligibility for job-based health coverage will trigger a special enrollment opportunity that lasts for 60 days.
 - You can apply for Marketplace health plans and (depending on your income) for premium tax credits and cost sharing reductions during that period.
 - If you enroll in COBRA coverage through your former employer, however, you will need to wait to the next Marketplace Open Enrollment period if you want to switch to a Marketplace plan.

COBRA and The Affordable Care Act

- My COBRA premium is very expensive. My state expanded Medicaid. Can I apply for Medicaid while receiving COBRA coverage?
 - You can apply for Medicaid at any time of the year. If you are found to be eligible for Medicaid, you can drop your COBRA coverage.

Resources

- US Department of Labor
 - <http://www.dol.gov/ebsa/faqs/faq-consumer-cobra.html>
 - <http://www.dol.gov/ebsa/publications/cobraemployee.html>
- COBRA and the Marketplace
 - <https://www.healthcare.gov/unemployed/cobra-coverage/>

Other Webinars in This Series

www.oncolink.org/insurance

Updated for 2017:

- Medicare A and B
- Medicare Part D
- Medigap plans
- Medicare Advantage plans
- The Affordable Care Act
- Medicaid
- Health Insurance 101

New for 2017:

- Help is Available: Financial Assistance Overview
- The Tough Stuff: Late enrollment, penalties and life changing events



For More Information

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