



## Group Health Plan Compliance

### COBRA Overview: Snapshot of Notice Requirements

The Consolidated Omnibus Budget Reconciliation Act (COBRA) helps employees and their families keep their health coverage during times of voluntary or involuntary job loss, or when a reduction in hours causes termination of benefits. COBRA provides employees and Qualified Beneficiaries (QBs) whom lose employer-sponsored benefits the ability to continue the health benefits (for a period of time) upon payment of premiums. Depending on the reason for coverage termination, coverage may be continued for **18, 29 or 36 months**. COBRA was passed in 1986 and applies to all ERISA plans if an employer averages **20 or more employees** on more than **50%** of its typical business days in the previous year. Below is a highlight chart specifying a Qualifying Event and the length of eligibility.

Qualifying Event	Who Receives Notice	Period of Coverage
Employee termination (for reasons other than gross misconduct) or reduction in hours	<ul style="list-style-type: none"> <li>• Employee</li> <li>• Spouse</li> <li>• Dependent Child</li> </ul>	18 months
Employee enrolls in Medicare	<ul style="list-style-type: none"> <li>• Spouse</li> <li>• Dependent Child</li> </ul>	36 months
Death of employee	<ul style="list-style-type: none"> <li>• Spouse</li> <li>• Dependent Child</li> </ul>	36 months
Loss of dependent child status	<ul style="list-style-type: none"> <li>• Dependent Child</li> </ul>	36 months
QB deemed disabled	<ul style="list-style-type: none"> <li>• Employee</li> </ul>	29 months

A disability extension of **11 months** may occur if a QB becomes disabled as determined by the SSA as of employment termination or at any time during the **first 60 days** of COBRA and all notification requirements are met during the **18 month** continuation period.

#### Initial (General) COBRA Notice

The Initial (General) Notice is required when an employee first becomes covered under a Group Health Plan and on an ongoing basis when a spouse or dependent is added to the plan. This notice provides Plan contact information, overview of COBRA and explains when coverage is lost due to a qualifying event, coverage may continue for a period of time with payment of premiums.

Initial General Notice Requirement	Recipient
Date when Plan first became subject to COBRA (new plan or employer reaches 20 employees the prior year) Issued within 90 days	All currently covered employees & spouses
Significant changes in law or Plan that necessitates new Initial Notice	All currently covered employees & spouses
Open Enrollment	Employees & spouses who previously declined benefits
Newly hired employee, now eligible following waiting period and electing coverage	Employee & spouse
Employee and spouse eligible at different times (marriage)	Employee & spouse

## Employer Notification Obligations to Third Party COBRA Administrator

- Termination or reduction in employment hours of covered employee
- Death of covered employee
- Divorce or legal separation
- Medicare eligibility of covered employee
- Dependent child no longer eligible under the Plan
- Bankruptcy of a private sector employer

Employees or their Qualified Beneficiaries must notify the Plan within 60 days in the event of: Divorce; Legal separation; Child's loss of dependent status

## COBRA Election & Payment Timeline

- Employment terminates or reduction in hours occurs and group plan coverage ceases
- Employer has **30 days** to notify their Plan Administrator
- Plan Administrator has **14 days** from receipt of notice from employer to issue COBRA election notice to former employee/QBs
- Qualified Beneficiary must make COBRA election within **60 days** of notification date
  - Qualified Beneficiary has **45 days** to pay the first premium (Future premiums due on the 1<sup>st</sup> of the month with a **30 day** grace period; Postmarked date is paid date)
- Coverage may be terminated by the Plan Administrator after the **30 day** grace period expires

## COBRA Election Notice

The COBRA Election Notice provides enough information so the QB may make an informed decision to elect continuation of coverage. The Election Notice is required to include:

- Name of Plan; COBRA Administrator's name, address and phone number
- Identification of Qualifying Event
- Qualified Beneficiaries (QB) by name or status
- Explanation of Qualified Beneficiary's right to elect continuation coverage
- Available continuation coverage, length of coverage, and extension for disability or second qualifying events (**if less than 36 months**)
- Process to elect continuation coverage
- Consequences if continuation coverage isn't elected or is waived
- Date coverage will terminate (or has terminated) if continuation coverage is not elected
- Premium payment requirements, including due dates and grace periods
- Statement of importance of keeping Plan administrator informed of addresses of Qualified Beneficiaries
- Statement the election notice does not fully describe COBRA or the Plan; additional information available from the Plan administrator and in the Plan's Summary Plan Description (SPD)

## Notice of Unavailability of COBRA Coverage

If the Plan denies a request for continuation of coverage or for an extension of continuation of coverage, it must provide a Notice of Unavailability of Coverage to the QBs within **14 days**. This notice must explain why the request was denied and be issued whether the Plan denied coverage for the first qualifying event, second qualifying event or disability extension request.

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