



## What is COBRA?

COBRA is an acronym for “Consolidated Omnibus Budget Reconciliation Act of 1985

There are two parts to COBRA benefits. The first 18 months are administered under Federal law. Once the first 18 months have been exhausted members may be eligible for an additional 18 months under State Continuation (CalCOBRA).

COBRA allows employees or dependents of employees to temporarily continue with health benefits once they have lost those benefits with their employer. Rates have a 2% administration fee attached to Federal COBRA and 10% administration fee attached to State Continuation (CalCOBRA).

### Who is eligible?

Any individual who, on the day before a qualifying event, is covered under a group health plan by virtue of being on that day either a covered employee, the covered spouse of an employee, or a covered dependent child of an employee.

Each QB (qualified beneficiary) has an independent right to elect COBRA. Spouse or dependent children can enroll in COBRA without the employee.

### How does COBRA begin?

To qualify for COBRA there has to be a qualifying event (QE). A QE is an event that results in the loss of coverage for employee or dependents.

<u>QE</u>	<u>Length of coverage *</u>
Termination	18 months
Retirement	18 months
Reduction of Hours	18 months
Over age dependent (loss of dependent status)	36 months
Divorce	36 months
Death of Subscriber	36 months

### Who is NOT eligible for COBRA?

Persons who lose benefits due to “Gross Misconduct”

### When does COBRA terminate?

Federal COBRA will terminate:

1. After 18 months of enrollment
2. Premiums not paid on a timely basis

3. Person becomes eligible for:
  - a. Entitlement to Medicare
  - b. Any other health insurance plan that does not have an exclusion or limitation for pre-existing conditions
  - c. A plan with a pre-existing limitation that must credit prior coverage toward its pre-existing condition exclusion period

### **What is State Continuation (CalCOBRA)?**

State Continuation also known as CalCOBRA is a State law (AB 1401) that allows those who have exhausted 18 months of Federal COBRA to continue their Medical and Rx benefits for 18 additional months. State Continuation does not cover dental or vision and the premiums have a 10% administration fee added.

### **Who is eligible for CalCOBRA?**

COBRA enrollees who are entitled to less than 36 months of continuation coverage under federal COBRA are eligible for CalCOBRA and must exhaust their federal COBRA first.

### **Who is NOT eligible for CalCOBRA?**

- Persons who are entitled to Medicare
- Persons who have other coverage or who become covered under another group plan, as long as the person is not subject to a pre-existing condition limitation
- Persons eligible for or covered under federal COBRA (must exhaust Federal before you can enroll in State)
- Persons who were entitled to a maximum of 36 months coverage under federal COBRA

### **How long does CalCOBRA last?**

The maximum length of the CalCOBRA continuation period is 18 months. CalCOBRA may be elected only after federal COBRA is exhausted. CalCOBRA was designed to allow the enrollee a total of continuation period of 36 months between the Federal and State.

Once federal and state COBRA has been exhausted the QB will be notified to contact their health carrier or an insurance broker for information on the following options to continue with coverage:

- HIPAA plan
- Conversion plan
- Individual plan