

# COBRA

## Continuation of Employer Group Health Insurance

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### WHAT IS *COBRA*?

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#### COBRA stands for Consolidated Omnibus Budget Reconciliation Act

- ✓ *COBRA* is not insurance; **it is the law, since 1985**. *COBRA* allows employees and their dependents to continue employer group health insurance for several months when that insurance would usually end.
- ✓ Insurance plans under *COBRA* are private health plans, not plans sold by the government.
- ✓ The U.S. Departments of Labor and Treasury enforce *COBRA*.

### HOW DO I SIGN UP FOR *COBRA*?

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You must sign up within **60 days** after you are no longer covered as an employee. Premiums are paid back to the date employment ended. After

60 days you lose the right to *COBRA* coverage. To sign up, talk to your employer's benefits division. Companies usually send forms to sign up for *COBRA* within 30 days after your group health insurance ends. (Forms allow you to continue group health insurance but may not mention the word *COBRA*.)

### WHICH EMPLOYERS MUST OFFER *COBRA*?

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Employers who offer a group health plan and have **20 or more employees** eligible for the plan must offer *COBRA*. Iowa law requires **smaller employers** to give similar rights.

### WHO IS ELIGIBLE FOR *COBRA*?

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- ✓ An employee who has worked at least 50% of the working days in the previous calendar year.
- ✓ An eligible employee's spouse or dependent child.
- ✓ The eligible person must have been covered by the group health plan on the day before the "qualifying event" (see next page).

### WHAT COVERAGE DOES *COBRA* GIVE ME?

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You and any of your dependents must be offered the same health insurance benefits you were receiving before qualifying for *COBRA*. Deductibles and benefit limits will be the same.



### WHAT DOES *COBRA* COST?

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You will usually pay the full premium, including any part the employer has been paying, plus a 2% administrative charge.

### WHAT EVENTS QUALIFY ME FOR *COBRA* BENEFITS?

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Specific events determine who is qualified and how long an employer group health plan must offer to continue health coverage under *COBRA*. These events are listed on the chart below. (A qualified person could be an employee, a spouse or a dependent child.)

## HOW LONG DOES COBRA LAST?

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The type of **qualifying event** sets the maximum length of time the employer must offer continued coverage. However, in some cases coverage may end before the maximum time is reached (see below, “When Does COBRA Coverage end?”). The employer may allow you to keep the coverage longer than *COBRA* requires.

<i>Qualifying Event</i>	<i>Covered Person</i>	<i>Period of Coverage</i>
Voluntary or involuntary <b>termination</b> of employee or <b>Decrease in employee work hours</b>	Employee gets -----	18 months*
	Spouse gets -----	18 months*
	Dependent Child gets ----	18 months*
Employee <i>enrolled</i> in <b>Medicare Part A or B</b>	Employee gets -----	None
	Spouse gets -----	36 months
	Dependent Child gets ----	36 months
Employee <b>dies</b> or there is a <b>divorce</b> or <b>legal separation</b> <b>Loss of “Dependent Child” status</b>	Spouse gets -----	36 months
	Dependent Child gets ----	36 months
	Dependent Child gets ----	36 months

**\*NOTE:** A *second qualifying event* during the initial period of coverage may increase the time of coverage. If your or a dependent’s status changes while under *COBRA*, you should contact the plan’s administrator immediately to see if *COBRA* coverage will be extended. A change in status includes marriage, divorce, legal separation, disability or change in dependency.

## WHEN DOES COBRA COVERAGE END?

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When one of the following happens, *COBRA* coverage will usually end:

- ✓ The maximum period of coverage is reached (18, 29, or 36 months).
- ✓ Premiums are not paid on time.
- ✓ Employer stops offering a group health plan or goes out of business.
- ✓ You, your spouse or dependent child gets full or equivalent coverage with another employer group health plan, **after** being on *COBRA*.
- ✓ YOU become eligible for Medicare after already being on *COBRA*. You will need to enroll in Medicare Part B to avoid a penalty for late enrollment.

## **IF I CONTINUE HEALTH INSURANCE COVERAGE UNDER *COBRA*, DO I NEED MEDICARE?**

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If you are *not currently working*, you should enroll in Medicare when you become eligible for it. If you don't enroll, you may be charged penalties for enrolling late, and your Medicare coverage could be delayed for many months. Call your local Social Security office or the Senior Health Insurance Information Program (*SHIIP*) for more information



If you are **already on Medicare** when a *COBRA* qualifying event happens, you must be offered continuation of coverage!

Any time you are on *COBRA* and you have Medicare, your Medicare will pay first and your employer group plan will supplement Medicare. You will need to **enroll in Medicare Part B**. If you don't enroll at this time but need to later, you may pay a higher premium.



## **WHAT IF I AM DISABLED?**

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- ✓ If you qualify for Social Security disability benefits, special rules apply. Under the special rules your coverage may be extended an additional 11 months. You must give notice to the plan's administrator within 60 days of receiving the decision that you qualify for disability. This can increase the period of coverage to **29 months**.
- ✓ After the normal period of coverage of 18 months is completed, the premium may increase. For those who are disabled, the new premium can be 150% of the plan's total cost for the last 11 months.

## **For Further Information**

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For questions about COBRA, read your employer's group health plan booklet or call your employer group insurance plan administrator.

For *COBRA* appeals information or notification rights, you may contact: U. S. Department of Labor at **816-285-1800** or toll-free at **866-444-3272**.

### **For further information about:**

- \* Medicare
- \* Medicare Supplement insurance
- \* Medicare Advantage options in Iowa
- \* Medicare Prescription Drug Coverage
- \* Help for those on Medicare with low incomes

**The Senior Health Insurance Information Program (SHIIP)** is a free, unbiased counseling program provided by the State of Iowa Insurance Division. *SHIIP* will answer your questions or will refer you to the appropriate agency or local *SHIIP* site for personal assistance.

### **How to Contact SHIIP:**

**1-800-351-4664**  
(TTY-Relay Iowa 1-800-735-2942)

**E-mail: [shiip@iid.state.ia.us](mailto:shiip@iid.state.ia.us)**  
**Website: [shiip.iowa.gov](http://shiip.iowa.gov)**



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