COBRA
Continuation of Employer Group Health Insurance

WHAT IS COBRA?

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.

WHO IS ELIGIBLE FOR COBRA?

✓ 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 EVENTS QUALIFY ME FOR COBRA BENEFITS?

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.)

WHAT COVERAGE DOES COBRA GIVE ME?

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?

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

HOW DO I SIGN UP FOR COBRA?

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?

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.
HOW LONG DOES COBRA LAST?

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.

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

*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?

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 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?**

- 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

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
Website: shiip.iowa.gov

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