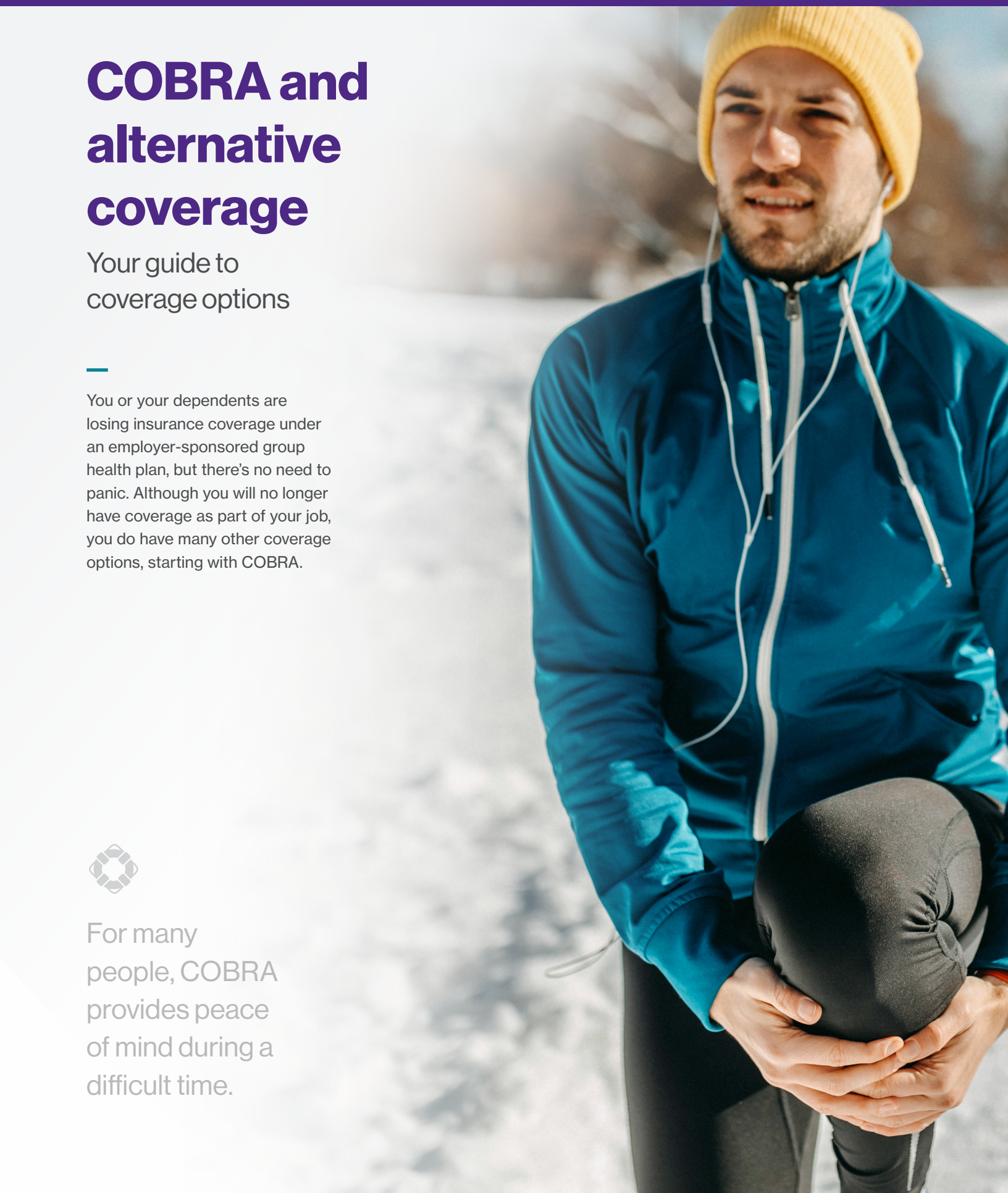
COBRA and alternative coverage

Your guide to coverage options

You or your dependents are losing insurance coverage under an employer-sponsored group health plan, but there's no need to panic. Although you will no longer have coverage as part of your job, you do have many other coverage options, starting with COBRA.



For many people, COBRA provides peace of mind during a difficult time.

COBRA in general

COBRA stands for the Consolidated Omnibus Budget Reconciliation Act. It is a federal law that allows qualified beneficiaries — like you and your dependents — to continue the same health care coverage they had the day before they experienced their qualifying event. COBRA coverage is available for a limited time — generally 18 or 36 months — depending on the reason you lost coverage.

COBRA requires most group health plans to offer continuation coverage to covered employees, former employees, spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain events. Those events include:

- A covered employee's death,
- A covered employee's job loss or reduction in hours for reasons other than gross misconduct,
- A covered employee's becoming entitled to Medicare,
- A covered employee's divorce or legal separation, and
- A child's loss of dependent status (and therefore coverage) under the plan

COBRA offers you continuation coverage. That's simply continuing the same coverage you had the day before you lost coverage. If you elect COBRA, you can't be denied coverage based on your medical history, and you aren't required to provide proof of previous health insurance. For many people, COBRA provides peace of mind during a difficult time.

Important dates

- Your plan must give you 60 days to choose whether to elect COBRA coverage, beginning from the date the election notice is provided or the date you would otherwise lose coverage under your group health plan due to the qualifying event, whichever is later.
- When the qualifying event is the covered employee's termination of employment (for reasons other than gross misconduct) or reduction in work hours, qualified beneficiaries are eligible for up to 18 months of continuation coverage.
- Each qualified beneficiary has an independent right to elect continuation coverage. This means that if both you and your spouse are entitled to elect continuation coverage, you each can make a different choice. The plan must allow you or your spouse, however, to elect continuation coverage on behalf of all the other qualified beneficiaries for the same qualifying event. A parent or legal guardian of a qualified beneficiary must also be allowed to elect on behalf of a minor child.
- If you waive continuation coverage during the election period, you are permitted to later revoke your waiver of coverage and elect continuation coverage, if you do so before the election period ends. In such cases, the plan is not required to provide continuation coverage for the period before the date you revoked the waiver.
- When the qualifying event is the end of employment or reduction of the employee's hours, and the employee became entitled to Medicare less than 18 months before the qualifying event, COBRA coverage for the employee's spouse and dependents can extend for up to 36 months from the date the employee becomes entitled to Medicare. For example, if a covered employee becomes entitled to Medicare 8 months before the date their employment ends (termination of employment is the COBRA qualifying event), COBRA coverage for their spouse and children must be available for up to 28 months (36 months minus 8 months).
- For all other qualifying events, qualified beneficiaries are eligible to receive up to 36 months of continuation coverage[1]

[1]Under COBRA, certain retirees and their family members who receive post-retirement health coverage from employers have special COBRA rights if the employer is involved in bankruptcy proceedings begun on or after July 1, 1986.

You have options for other coverage



You do not have to purchase COBRA to have health insurance. In fact, chances are you can secure coverage through other options — including individual or family plans that will cover you and your family — often at a fraction of the cost of COBRA.

Coverage through your new employer

If you have lost coverage voluntarily so you can take a job with a new employer, or if you are fortunate enough to quickly find a new job, you can opt for coverage under your new employer's plan. Depending on the plan rules, there may be a short period of time during which you are without coverage. If you can't go without coverage, you may elect COBRA continuation coverage for this brief span or purchase a short-term medical plan.

Coverage through your spouse's plan

If your spouse is employed, you may be eligible for coverage under their employer's plan, even if your spouse is not currently covered under the plan. A federal law known as HIPAA mandates that group health plans provide special enrollment rights to individuals in certain circumstances. These special enrollment rights allow individuals to enroll in the plan without having to wait until the plan's next regular enrollment period. To learn more about the special enrollment rights available under HIPAA, visit the United States Department of Labor (DOL) website.

Coverage as a dependent

Depending on your age, you may be eligible for coverage as a dependent under your parent's plan. As part of the health care reform acts passed in early 2010, federal law requires group health plans that offer coverage to dependents to extend that coverage to "young adults" up to 26 years of age. For information about this law, visit the DOL website.

Health insurance exchanges

Introduced as part of health care reform, federal and state-run health insurance exchanges give you the option to purchase coverage from insurance carriers participating in the exchange.

The health plans offered through exchanges must meet certain coverage and price requirements and you cannot be turned down for coverage. Depending on your income, you may qualify for federal tax credits to help you pay for coverage.

Individual and family plans

Many people find "individual' insurance coverage a viable alternative when "group" insurance offered by an employer is no longer available. You can purchase an individual plan that covers you, your spouse/life partner, your child(ren) only, or your entire family through a state or federal marketplace (also known as an "exchange") or from companies that sell insurance.

The following publications provided by the US Department of Labor provide additional details and FAQs about COBRA continuation health coverage for employees:

An employee's guide to health benefits under cobra | https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf

FAQs on COBRA Continuation Health Coverage for Workers | https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/cobra-continuation-health-coverage-consumer.pdf

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