



# COBRA Continuation Coverage Overview

The Consolidated Omnibus Budget Reconciliation Act (COBRA) allows individuals to continue their group health plan coverage in certain situations. COBRA requires covered group health plans to offer continuation coverage to employees, spouses and dependent children when coverage would otherwise be lost due to certain events. COBRA sets rules for how and when continuation coverage must be offered and provided, how employees and their families may elect continuation coverage and when continuation coverage may be terminated.

This infographic provides an overview of COBRA. This overview is not exhaustive and employers should seek local legal counsel for specific guidance.

## When Does COBRA Apply?

COBRA generally applies to group health plans maintained by private-sector employers that have **20 or more employees**. A group health plan is any arrangement that an employer establishes or maintains to provide employees or their families with medical care.

## Who Is Entitled to COBRA Coverage?

A group health plan is required to offer COBRA continuation coverage only to qualified beneficiaries and only after a qualifying event has occurred.

## Qualified Beneficiaries

A qualified beneficiary is an individual who was covered by a group health plan on the day before a qualifying event occurred. This may include **employees**, employees' **spouses** or **former spouses**, or employees' **dependent children**.

## Qualifying Events

Qualifying events include:

**Termination of employment**

**Reduction of hours**

**Divorce or legal separation**

**Covered employee's death**

**Child's loss of dependent status**

**Covered employee's entitlement to Medicare**

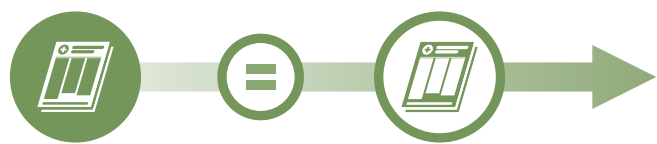
## How Long Does COBRA Coverage Last?

COBRA requires that continuation coverage extend from the date of the qualifying event for a period of **18 or 36 months**, depending on the type of qualifying event. Coverage can be extended beyond the maximum period for disability or a second qualifying event.

COBRA continuation coverage may terminate before the end of the maximum coverage period for certain reasons, such as when premiums are not fully paid on a timely basis or a qualified beneficiary begins coverage under another group health plan or becomes entitled to Medicare benefits after electing COBRA.

If continuation coverage is terminated early, the plan must provide the qualified beneficiary with an early termination notice.

## What Benefits Must Be Offered?



Qualified beneficiaries must be offered coverage identical to that available to similarly situated beneficiaries who are not receiving COBRA coverage under the plan.

## Who Pays for COBRA Coverage?

Group health plans can require qualified beneficiaries to pay for COBRA continuation coverage. The maximum amount charged to qualified beneficiaries cannot exceed **102%** of the plan's cost for similarly situated individuals. If COBRA coverage is extended due to disability, the maximum amount charged during the disability extension cannot exceed 150% of the plan's cost.

Qualified beneficiaries must be provided with **at least 45 days** to make an initial premium payment after making their COBRA elections. If a qualified beneficiary fails to make any payment before the end of the initial 45-day period, the plan can terminate the qualified beneficiary's COBRA rights. The plan sponsor can establish due dates for premiums for subsequent periods of coverage, but it must provide a minimum **30-day grace period** for each payment.

## What Notices Must Be Provided?

The following COBRA notices must be provided:

**General (or initial) notice**—must be provided **within 90 days** of when health plan coverage begins

**Election notice**—must be provided to qualified beneficiaries after a qualifying event

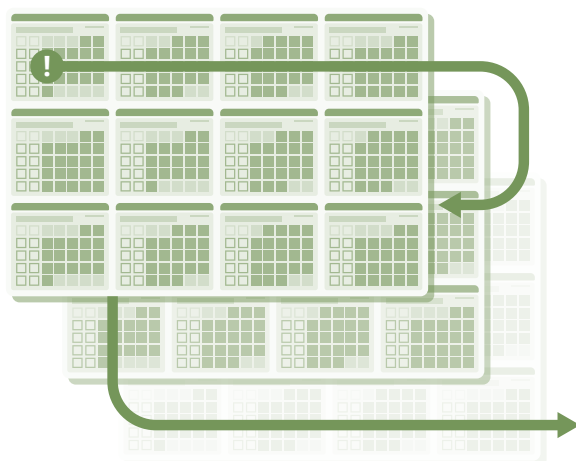
**Notice of unavailability of COBRA coverage**—must be provided after a group health plan denies a request or extension for COBRA coverage

**Notice of early termination of COBRA coverage**—must be provided when COBRA coverage terminates early

## What Are the Rules for Electing COBRA?

COBRA requires group health plans to provide qualified beneficiaries with an election period during which they can decide whether to elect continuation coverage. Each qualified beneficiary must be given **at least 60 days** to decide. Note that due to the COVID-19 pandemic, certain deadlines for electing COBRA coverage and paying COBRA premiums have been extended. These extensions are scheduled to end on July 10, 2023.

Type of Benefit	Subject to COBRA?	
	Yes	No
Group medical plans	✓	
Dental and vision plans	✓	
Health FSAs and HRAs	✓	
HSAs		✓
Disease-specific policies (providing medical care)	✓	
Group life insurance		✓
Disability plans (long- and short-term)		✓
AD&D Coverage		✓



Visit the U.S. Department of Labor's [website](#) for more information about COBRA.