

Why Do I Need COBRA?

What is it?

COBRA is a fancy acronym for the Consolidated Omnibus Budget Reconciliation Act. In plain language, COBRA lets you keep your group health plans (at least for a period of time) after you are no longer employed or experience a qualifying event which would otherwise cause you to lose coverage.



What is it used for?

COBRA can be used to extend your existing group health coverages. Group health coverages may include: health insurance, dental, vision, health reimbursement accounts, and flexible savings accounts.

TIP: If you have a Health Savings Account (HSA), you already own the account and can continue to use it. However if you no longer have HSA-compatible insurance, you may not contribute to the HSA.



What does it cost?

Be ready for a little sticker shock. COBRA may not be cheap. While you were employed, the employer may have paid some or all of the premium for yourself and covered dependents. Once you go on COBRA, you pay the entire premium plus a 2% administration fee. Your specific rights notice will specify the monthly premium amount for each plan you are eligible to enroll in for COBRA.

TIP: You can elect each benefit separately. For example, you may decide to go to the Federal Exchange for health coverage instead of electing COBRA. However, you want to maintain your dental coverage. No problem! Just elect COBRA for dental coverage.



Why do I need COBRA?

COBRA can be tricky. There are many rules that determine when it is offered, when you must enroll and when payments are due. **PAY ATTENTION TO THE DETAILS.** It is possible you don't need COBRA. However, you might want to consider COBRA coverage if:

- You will have a gap in coverage. (i.e. There is a waiting period before your new coverage becomes effective.)
- You have pre-existing conditions and need to maintain group coverage.
- You have already met your deductible or plan limits for the current plan year. Switching plans might increase your out-of-pocket expenses.
- You have reviewed rates and benefits through a Federal or State Exchange and are not happy with the options available.
- Your doctors or providers are not covered on an alternative plan.
- You will no longer have access to specialty group coverages (i.e. dental, vision).



For more information, please see your COBRA specific rights notice.

Top COBRA Questions Answered

What is COBRA? COBRA (or the Consolidated Omnibus Budget Reconciliation Act) requires continuation coverage to be offered to covered employees, their spouses, former spouses and dependent children when group health coverage would otherwise be lost due to certain Qualifying Events.

What is a Qualifying Event? Common events include: termination of employment, reduction of hours, divorce or legal separation, cessation of dependent status, employee death, failure to return from FMLA or certain employer bankruptcy.

How long do I have to be covered under the company insurance before I (or my covered dependents) are eligible for COBRA ?

As long as you were covered on the day prior to the Qualifying Event, you are eligible for COBRA.

How long can I continue coverage? As an employee, the coverage for yourself and covered dependents can be continued for 18 months for termination or reduction of hours. Covered dependents can continue coverage for 36 months as a result of divorce or legal separation, cessation of dependent status, employee entitlement of Medicare or employee death.

Is my Domestic Partner covered? In most cases, if your Domestic Partner was covered prior to the Qualifying Event, they will be provided COBRA-like benefits, although the IRS does not deem them to be Qualified Beneficiaries. Therefore, they can only participate as long as they are covered by the former employee.

Why is my COBRA premium so high? While you were employed, the employer may have paid some or all of the premium for yourself and covered dependents. Once you go on COBRA, you pay the entire premium plus a 2% administration fee.

Can my COBRA premium change? Yes. If the employer's insurance premium increases, your COBRA premium will also increase.

What if I am disabled? If it is determined by the Social Security Administration (SSA) that you were disabled within the first 60 days of COBRA coverage and you receive the determination from SSA prior to the 18th month of COBRA coverage, you may be continued up through the 29th month for yourself and covered dependents. The premium for the disabled Qualified Beneficiary can be increased to 150%.

Why is the envelope postmark important? All of the notice dates, response dates, and payment dates are based upon the postmark on the envelope, not when it is placed for mail pickup or when it is received.

How do I elect COBRA? Once you receive your Specific Rights notice, you have 60 days from the postmark to elect COBRA coverage. When we receive your election form, we will send you a coupon book covering the remainder of the insurance Plan Year and any insurance forms (if required). You must return

all forms and premiums covering the period from your loss of coverage date.

I called my doctor or requested a prescription but was told that I am not covered. Am I covered? Your employer terminates your coverage at termination or the loss of coverage date. It is not reinstated until you return any required forms and in most cases, the COBRA premium due to-date. Once reinstated, the insurance carrier will reimburse you for covered expenses less any co-pay or deductible. If you belong to an HMO, it is important to return forms as soon as possible if you anticipate medical expenses during the election period. Once we receive your forms, it can take insurance carriers 3 to 7 business days to reinstate you.

If I didn't need or use my insurance during the election period, why do I have to pay all of the back premiums? COBRA is a federal law providing certain rights to continue your Health, Dental, Vision, Health Flexible Spending Account, and certain EAPs. It also imposes certain responsibilities. Paying all premiums due from the loss of coverage is one of them.

Can my employer change my insurance carrier? Only if they change insurance carriers. If they terminate with one carrier and replace it with another, you will be offered the opportunity of completing the forms for the new carrier.

Can I make changes to my coverage(s)? You have the same right to change coverage as active employees. Therefore, if you have an event such as a birth or marriage that would have allowed you to change you coverage as an active employee, you can make the same change as a COBRA participant. You can also make coverage changes or add dependents during any open enrollment period. If this occurs, you will be provided rates, benefit summaries and enrollment forms. While your dependents may be added, they will not be a Qualified Beneficiary.

Are Health Flexible Spending Accounts subject to COBRA? If you had a positive balance in your account, you will be offered COBRA through the end of the Plan Year.

When are premiums due? Your first premium is due 45 days from your COBRA election. Subsequent premiums are due the 1st of each month but must be postmarked no later than the 30th. The insurance carrier has the right to suspend your coverage between the 1st and 30th, reinstating benefits when premiums are received.

For questions, contact Benefit Resource

(866) 996-5200

or submit a request at

benefitresource.com