



## **COBRA Administration & Health Services, Inc.**

### **FREQUENTLY ASKED QUESTIONS**

#### **What is COBRA?**

The Consolidated Omnibus Budget Reconciliation Act (COBRA), was signed into law in 1986 requiring certain employers who sponsor group health plans to offer their employees and their families continuation coverage at group rates that otherwise would have been forfeited under certain situations. Title 10 of COBRA amends the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code, and the Public Health Service Act for purposes of health plan coverage.

#### **What employers are subject to COBRA?**

Plans sponsored by an employer who employs 20 or more employees (including part-time workers) on 50 percent of the employer's working days during the preceding calendar year. Church plans and plans sponsored by the federal government are exempt from COBRA.

#### **What group plans are subject to COBRA?**

Any group health plan that is maintained or contributed to by an employer or union-sponsored plan to provide health care to employees, former employees, or the families of such employees or former employees, including:

- Traditional indemnity plans
- HMOs and PPOs
- Specialty plans such as dental, vision, and cancer plans
- Employee assistance plans that provide coverage and not simply referrals
- Certain on-site health care facilities
- Health care Flexible Spending Accounts (which meet certain requirements)
- Supplemental health plans for executives
- Some individual plans offered through an employer

The following may also be subject to COBRA:

- Controlled group of corporations
- Common control partnerships, proprietors, etc.
- Affiliated service groups

#### **Who is a qualified beneficiary?**

An individual covered under a group health plan the day before a qualifying event occurs such as an employee, employee's spouse, and/or employee's dependent children.

#### **What is a qualifying event?**

A specific event that results in the loss of group coverage for one or more of the plans noted above. There are several types of qualifying events for employees, their spouses and dependent children.

- Voluntary or involuntary termination of employment for any reason other than "gross misconduct," and reduction in employment hours which would result in the loss of coverage.
- Qualifying events for a covered employee's spouse are: Death of the employee; termination of the employee's employment; reduction in employee's employment hours; divorce or legal separation; employee becomes entitled to Medicare
- Qualifying events for dependent children are: The same as for the spouse; or if the child loses eligibility due to reaching the maximum dependent or student age, or graduates from college.