

Consolidated Omnibus Budget Reconciliation Act (COBRA) and California Continuation Benefits Replacement Act (Cal-COBRA)

Who is this program for?

COBRA is a program that gives employees and their families an option to continue group health benefits for themselves and their dependents for a specific period of time under special circumstances. COBRA is the name of the federal program and Cal-COBRA (California Continuation Benefits Replacement Act) is California's state program.

What are the eligibility requirements?

Employees of companies with 20 or more employees are covered by federal COBRA which generally provides coverage for up to 18 months. Cal-COBRA is a program for California residents which expands the scope of federal COBRA by providing coverage to:

- employees in companies with 2-19 employees who are therefore not eligible for federal COBRA,
- AND
- employees in companies of more than 20 employees who wish to extend the time period beyond the 18 month time period offered under federal COBRA to up to 36 months.

The length of time employees are eligible to continue receiving COBRA depends on the qualifying event or reason that coverage was lost. Examples of qualifying events for employees or dependents are the following:

- Loss of a job, voluntary or involuntary, unless the reason for termination was for gross misconduct
- Shorter working hours that would result in an employee no longer being eligible to participate in the employer's group health plan
- Eligibility of an employee for Medicare
- No remaining family leave benefits (some circumstances)
- Worker becomes eligible for Social Security Disability Insurance (some circumstances)
- Loss of health benefits by a spouse or dependent due to death, divorce or loss of dependent status

COBRA allows employees who experience one of these qualifying events to continue coverage under their group health plans for a limited time by paying for the coverage out of their own pockets. There are no income requirements for COBRA eligibility. Federal health plans and some church organization health plans are excluded from COBRA requirements.

How does immigration status affect eligibility?

In order to qualify for COBRA or Cal-COBRA, individuals must be legally eligible to work in California.

What is the cost?

The cost to employees under COBRA is no more than 102% of the health plan premium for active employees for the first 18 months (the cost of the coverage for the employee plus an

administrative fee). After 18 months, the cost is no more than 150% of the health premium for active employees. Payment is due **45 days** after electing COBRA coverage. Disabled individuals may be able to have their Cal-COBRA premiums paid through Medi-Cal HIPP or Care/HIPP for HIV/AIDS. Certain employees may be eligible for COBRA premium reduction. Please refer to the COBRA Premium Reduction Fact Sheet.

What benefits are covered?

- COBRA beneficiaries receive the same benefit options as active employees.
- Depending on the qualifying event, the coverage period is either 18 or 36 months. Qualifying events for 36 months are death of an employee, divorce/legal separation, loss of dependent status or Medicare entitlement.
- Individual plans have the option to offer COBRA beneficiaries coverage beyond that which is required under COBRA if they choose to do so. However, non-medical benefits such as vision or dental care under a specialized plan cannot be extended when moving from COBRA to extended coverage under Cal-COBRA.
- Individuals who become eligible for Medicare or who are covered by other health plans are not eligible for Cal-COBRA unless that coverage has pre-existing exclusions that affect the individuals in question.

How are services delivered?

COBRA beneficiaries have the same options for health coverage and the same covered benefits as active employees. In many cases, that will be the same coverage employees had before the qualifying events occurred. COBRA enrollees make their selections during Open Enrollment at the same time as active employees.

What about other insurance?

Individuals can have both Medi-Cal and COBRA, but if they are eligible for both programs, they should consider their situations. If they have a high share of cost, Medi-Cal can actually be more expensive than COBRA. But in cases where there is no share of cost or a low share of cost, since Medi-Cal would pay last, it might be better for the family to enroll in Medi-Cal and not elect COBRA coverage.

How to apply:

Paperwork needs to be completed within **60 days** of the qualifying event or after receiving notice of COBRA rights, whichever is later. Employers need to inform employees within 30 days of a qualifying event that they are eligible for COBRA and should make booklets on COBRA available to all eligible employees.

Contact information:

- For general information on COBRA: <http://www.dol.gov/dol/topic/health-plans/cobra.htm>
- Members of group health plans (HMOs) can call the Department of Managed Care at 1-888-HMO-2219 or visit the website at <http://www.hmohelp.ca.gov>. Employees who have fee-for-service health coverage can contact the Department of Insurance at 1-800-927-4357.



Assistor Tips!!!

- Since premiums are likely to be costly under COBRA, clients may ask why they should enroll in COBRA rather than purchasing private insurance.
 1. For individuals with incomes that are too high to qualify for no-cost Medi-Cal or other low-cost health care options, group health coverage is generally more comprehensive and less expensive than individual health coverage.
 2. COBRA does not take into account pre-existing health conditions, whereas individuals who have pre-existing health conditions may not qualify for individual coverage or may be subject to coverage limitations or exclusions or may have to pay higher than normal premiums.
- Some situations where it might make sense for clients to consider enrolling in COBRA are the following:
 - Client's new job does not offer health insurance.
 - Client's current plan covers dental whereas a private plan may not, so dental expenses could be high without COBRA.
 - Client needs medications that might not be covered under another plan.
 - Client has health conditions that might make it difficult to qualify for an individual plan.
 - Client or covered dependent is pregnant and not eligible for private insurance.
- Employees are responsible for informing their employers in writing within 60 days of the qualifying events that they want to sign up for COBRA. The first premium is due within 45 days of electing coverage. Premium rules are strict. If an employee signs up for COBRA but fails to pay premiums, they will be responsible for the full cost of their medical care.