

# COBRA

## 1. What is COBRA continuation health coverage?

Congress passed the landmark Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefit provisions in 1986. The law amends the Employee Retirement Income Security Act, Internal Revenue Code, and Public Health Service Act to provide continuation of group health coverage that otherwise might be terminated.

## 2. What does COBRA do?

[COBRA](#) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. This coverage, however, is only available when coverage is lost due to certain specific events.

## 3. Who is entitled to benefits under COBRA?

A qualified beneficiary generally is an individual covered by a group health plan on the day before a qualifying event who is either an employee, the employee's spouse, or an employee's dependent child.

## 4. What are qualifying events?

Qualifying events are certain events that would cause an individual to lose health coverage. The type of qualifying event will determine who the qualified beneficiaries are and the amount of time that PEEHIP can offer the health coverage to them under COBRA. The types of qualifying events are explained below:

### ➤ **Qualifying Events for Employees**

- Voluntary or involuntary termination of employment for reasons other than gross misconduct
- Reduction in the number of hours of employment

### ➤ **Qualifying Events for Spouses**

- Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Divorce or legal separation of the covered employee
- Death of the covered employee

### ➤ **Qualifying Events for Dependent Children**

- Loss of dependent child status under the plan rules
- Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Divorce or legal separation of the covered employee
- Death of the covered employee

## 5. How can I apply for COBRA?

- Employers must notify PEEHIP of a qualifying event within 30 days after an employee's death, termination or reduced hours of employment.
- A qualified beneficiary must notify PEEHIP of a qualifying event within 60 days after divorce or legal separation or a child's ceasing to be covered as a dependent under plan rules.
- Once the information is received by PEEHIP, a letter and a COBRA application will be mailed by PEEHIP to the employee. The individual then has 60 days to decide whether to elect COBRA continuation coverage. The person has 45 days after electing coverage to pay the initial premium.

## **6. How long does COBRA coverage last?**

- COBRA requires that the eligible member be afforded the opportunity to maintain continuation of coverage for 18 months due to a termination of employment or reduction in hours if the member pays the COBRA premium by the due date each month.
- COBRA requires that a dependent who becomes eligible for COBRA for reasons such as aging out, no longer a student, or divorce, be afforded an opportunity to maintain coverage for 36 months if the COBRA premium is paid by the due date each month.