

**COBRA—THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT**—allows former employees and family members to temporarily continue the health coverage that was offered to them as an employee if they become ineligible for benefits due to loss of job, reduction of hours or change of employer.

The law generally applies to all group health plans maintained by employers that have at least 20 employees on more than 50 percent of its business days in the previous calendar year. Both full- and part-time employees are counted to determine whether a plan is subject to COBRA.

The law does not apply to plans sponsored by the federal government or by churches and certain church-related organizations.

Note: If any employer has fewer than 20 employees, the employer falls under ND State continuation. See: <http://www.nd.gov/ndins/consumers/health>

Under COBRA, the employee or family member may qualify to keep their group health plan benefits at their own expense for a certain period of time, depending on the reason for losing the health coverage. The following represents some basic information on periods of continuation coverage:

Qualifying Event	Qualified Beneficiaries	Maximum period of continuation coverage
<b>Termination or reduction in hours</b> ( <i>for reasons other than gross misconduct</i> )	Employee, Spouse, Dependent Child	18 months*
<b>Employee enrollment in Medicare</b>	Spouse, Dependent Child	36 months*
<b>Divorce or legal separation</b>	Spouse, Dependent Child	36 months
<b>Death of employee</b>	Spouse, Dependent Child	36 months
<b>Loss of "dependent child" status</b>	Dependent Child	36 months

## Notification Requirements

- The employer often acts as the plan administrator or they may hire a third party to administer COBRA on their behalf.
- Under COBRA, the covered employee or a family member has the responsibility to inform the plan administrator of a divorce, legal separation, disability or a child losing dependent status under the plan.
- Employers have a responsibility to notify the plan administrator of the employee's death, termination of employment or reduction in hours, Medicare entitlement, or bankruptcy of a private-sector employer.
- When the plan administrator is notified that a qualifying event has occurred (by the covered employee or family member, or by the employer), it must in turn notify each qualified beneficiary of the right to elect continuation coverage.
- COBRA allows at least 60 days from the date the election notice is provided to inform the plan administrator that the qualified beneficiary wants to elect continuation coverage.

## COBRA Continuation Coverage Premium Payments

Qualified individuals may be required to pay the entire premium for coverage up to 102% of the cost to the plan. Premiums may be higher for persons exercising the disability extension provisions of COBRA. Failure to make timely payments may result in loss of coverage.

Premiums may be increased by the plan; however, premiums generally must be set in advance of each 12-month premium cycle.

\*The Employee Benefits Security Administration offers more information on COBRA on its website [dol.gov/agencies/ebsa](http://dol.gov/agencies/ebsa), including notice templates, Frequently Asked Questions for workers and employers and publications such as *An Employee's Guide to Health Benefits Under COBRA* and *An Employer's Guide to Group Health Continuation Coverage Under COBRA*