

FACTS from EBRI

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Time Line for Continuing Health Coverage Under COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985, commonly referred to as COBRA, allows many workers to continue their employment-based health insurance coverage after they leave a job, and establishes a time line for workers to exercise that option. In some cases, workers may have as many as 149 days to decide whether to enroll in COBRA coverage. This provides workers some time to consider what is in their best interest. Here are the deadlines that apply after a worker with health insurance coverage leaves a job:

The first 44 days—Employers that do not self-administer their health insurance coverage (typically small employers) have **30 days** to notify the third-party administrator of the plan of the worker's COBRA rights after the worker leaves his or her job. The third-party administrator then has **14 additional days** to notify the worker of his or her COBRA rights.

Employers that self-administer their own group health plans (typically large firms) have **44 days** to notify workers of their COBRA rights.

The next 60 days—After receiving notification of his or her rights (as described above), a worker has **60 days** to accept or decline COBRA coverage.

The final 45 days—Premium payments for periods before the election of coverage cannot be required before **45 days** after a worker elects to accept coverage. But if a worker decides not to pay at the time the premium is finally due, nothing is lost except the coverage. Thus, a worker who is entitled to COBRA coverage can wait—sometimes for as many as 149 days—to see if taking coverage is in his or her best interest. The **149-day period could be shortened** if employers or third-party administrators provide notifications in less than the maximum time allowed within the 44-day period described above. For example, if employers or third-party administrators provided a very quick notification, a worker could have **slightly more than 105 days** to act.

Other points about COBRA

- The act applies to employers with 20 or more workers.
- Coverage can continue for at least 18 months after a worker with health insurance leaves a job. Disabled workers can qualify for as many as 29 months, and certain dependents of workers can qualify for COBRA for as many as 36 months.
- COBRA coverage must be the same as that provided other similarly situated workers with health insurance at the place of work.
- A worker who qualifies for COBRA coverage can be charged a maximum of 102 percent of the employer's cost for the plan.
- COBRA coverage does not apply to workers taking leave under the Family and Medical Leave Act.
- COBRA coverage may be terminated if an employer discontinues its group health benefits entirely; if the covered individual fails to make timely premium payments; if the covered individual is covered by another group health plan; or if the covered individual becomes entitled to and is covered by Medicare.
- Beneficiaries who exhaust their COBRA coverage must be offered an option to convert to an individual policy if such an insurance policy is generally available.

COBRA has many other provisions. Additional information can be found online at www.dol.gov/dol/topic/health-plans/cobra.htm (last reviewed August 2005).

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