

Legal – COBRA Health Coverage

COBRA Continuation Health Coverage

[May not pertain to your ministry, check local state laws.]**

What group health plans are subject to COBRA?

The law generally covers health plans maintained by private-sector employers with 20 to more employees, employee organizations, or state or local governments.

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, the Internal Revenue Code and the Public Health Service Act to provide continuation of group health coverage that otherwise might be terminated.

What does COBRA do?

It provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. This coverage is only available when coverage is lost due to specific events. Group health coverage for COBRA participants is usually more expensive than health coverage for active employees [as the employer pays for a portion of the premium for active employees] since COBRA participants pay the entire premium [this is less expensive though than attaining individual health coverage].

Who is entitled to benefits under COBRA?

There are three elements to qualifying for COBRA benefits.

Plan Coverage – Group health plans for employers with 20 or more employees on more than 50% of its typical business days in the previous calendar year are subject to COBRA. Both full and part-time employees are counted to determine whether a plan is subject to COBRA.

Qualified Beneficiaries – This 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. In certain cases, a retired employee, the retired employee's spouse, and the retired employee's dependent children may be qualified beneficiaries.

Qualifying Events – These 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 a plan must offer the health coverage to them under COBRA.

For Employees – (1) Voluntary or involuntary termination of employment for reasons other than gross misconduct; (2) reduction in the number of hours of employment.

For Spouses – (1) Voluntary or involuntary termination of the covered employee's employment for reasons other than gross misconduct; (2) reduction in the hours worked by the covered employee; (3) covered employee's becoming entitled to Medicare; (4) divorce or legal

separation of the covered employee; (5) death of the covered employee.

For Dependent Children – (1) Loss of dependent child status under the plan rules; (2) Voluntary or involuntary termination of the covered employee's employment for reasons other than gross misconduct; (3) reduction in the hours worked by the covered employee; (4) covered employee's becoming entitled to Medicare; (5) divorce or legal separation of the covered employee; (6) death of the covered employee.