

UNDERSTANDING COBRA

(The Consolidated Omnibus Budget Reconciliation Act)



If you lose your health insurance at work, you may have several options for health insurance. COBRA is one of those options. COBRA allows you to keep the same health insurance you had at work, for an additional period of time.

You may qualify to keep your health coverage with COBRA

If you've lost your job, had your hours reduced, or experienced other qualifying events there are options available to workers and their families to maintain health coverage, including the Consolidated Omnibus Budget Reconciliation Act, or **COBRA**.

Pros:

- Coverage:** you and your family can keep your providers for 18 to 36 months
- Time:** you have up to 60 days after leaving your job to elect COBRA coverage which gives you time to look through new plans and select one while still being covered
- Medications:** drug costs or copays will remain the same
- Choice:** many states have mini-COBRA laws that allow additional benefits with your coverage

COBRA Deadlines to Know

The 60-day COBRA selection window begins on the later date of your qualifying event or the date you receive an employer notice.

The 45-day period to make your first COBRA premium payment, and the 30-day period to make each additional COBRA premium payment.

The 60-day period that employees must notify the plan of a COBRA qualifying event or a determination of disability; and

The plan administrator must provide notice to the employee of the ability to keep their health insurance through COBRA. Typically, they have 44 days from the qualifying event.

Cons:

- Cost:** you must pay all of your old premium, including the part your employer once covered plus administrative fees
- Expiration:** COBRA plans end after a specific time, and you must pay attention to the deadlines
- Inflexibility:** if you are late on any COBRA payments, your coverage will end
- Effects from Medicare:** If you are eligible for Medicare and sign up for COBRA, you may face late enrollment penalties if you want Medicare coverage in the future. Your COBRA benefits will cease at age 65 if you become eligible for Medicare while on COBRA

How to sign up for COBRA Coverage

- The employer, within 45 days of the qualifying event, must send you a COBRA election form
- Review the election notice, which will include plan options and prices
- The plans and coverage must be identical to the coverage offered to other employees
- If you elect to enroll, complete the form and return it within 60 days

Benefits through COBRA are a temporary solution. You may want to consider researching a long-term insurance, or compare and shop for insurance coverage through the Affordable Care Act marketplace.