

# To COBRA or Not to COBRA: A Quick-Start Guide

Have you experienced a life event that has changed your benefits status? You now have some decisions to make on how to find the right benefits in the right time. MyChoice Market can provide you with options that work for you and your wallet.



## Definition:

COBRA coverage means that your employer provides a method for you to continue the coverage you had at the time of your job loss or departure.



## Definition:

Choices outside of your job-based benefits to cover medical costs. These plans are sold on the "marketplace," also known as the state-based exchanges (ACA plans) or available directly through health insurance providers.

## Eligibility:

Departing employees of most companies with more than 20 employees are eligible to continue the employer-based benefits at the time of separation.



## Eligibility:

Most Americans are eligible to enroll in an ACA-eligible plan on the state-based exchanges or through a health insurance provider. The bigger question to answer is the WHEN am I eligible?

## Enrollment Timeline:

COBRA coverage is typically open for 60 days after a qualifying event; however, DOL regulations released in late April 2020 provide some extensions to COBRA enrollment and payment to assist those affected by layoffs due to the pandemic. Read your COBRA notice carefully to determine the terms of your coverage.



## Enrollment Timeline:

There are two enrollment periods for alternatives. A "Special Enrollment Period" that opens when you experience a qualifying life event – such as job loss, benefits loss, death, marriage, child birth or adoption. For individuals who have NOT experienced a life event, there is an open enrollment annually in Nov. – Dec. Actual dates vary by state of residence.

## Duration:

Once elected, COBRA benefits are available for 18 months for most individuals. You will be locked in to this coverage until the start of the next calendar year or when the 18 months of COBRA coverage are exhausted. Other ways to discontinue COBRA coverage is to have another qualifying life event or move to a new employer-sponsored health plan.



## Duration:

Duration allowed for marketplace plans varies by state. Some states allow for short-term plans (364 days) with varying levels of coverage. The most comprehensive (full coverage) plans are typically 12-month terms with capability to renew. If you gain access to a new employer-based benefits plan, you can terminate your ACA plan. Call your provider to determine how to set up the plan term date to ensure you don't have a coverage gap.

## Payment Options:

Self-pay monthly premiums. Some employers offer a subsidy to help cover the premium cost.



## Payment Options:

Self-pay monthly premiums. Income-based tax subsidies are available to reduce the monthly cost.

## Cost Considerations:

Without an employer subsidy, COBRA premium costs can be higher than the monthly sum previously allotted from each paycheck. COBRA costs are going to be one set monthly premium to continue your former coverage.



## Cost Considerations:

There are ACA-compliant health plans at several price points. The marketplace has tiered levels of coverage, usually with at least three price points. Additionally, there are "MEC" plans that offer Minimum Essential Coverage, but very little coverage if you need medical care.

## Coverage Options:

COBRA continuants are eligible to keep the health plan they were enrolled in at the time of separation.



## Coverage Options:

The Marketplace's state-based exchanges have varying options, depending on what plans are offered in each region. Depending on your COBRA option, you may have more room here to choose a plan that suits you and your family's health needs.

## Next Steps:

Review your COBRA notice and premium payment expectation. Determine your budget for this expenditure. You are typically able to continue your COBRA coverage for up to 18 months, provided you stay current on your payments based on your COBRA agreement.



## Next Steps:

Create a profile at MyChoice Market to begin reviewing your options in our secure system. In addition to health plans, you can also do cost analysis on dental discount plans, vision coverage, identity theft protection and telemedicine plans, to name a few...to make sure you and your loved ones are well-covered for the short-term or longer-term.