

COBRA Coverage

Continuing healthcare coverage after employment separation

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The Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, requires health plan sponsors to provide employees and beneficiaries with elective continued coverage for a given period should their coverage be lost due to a certain Qualifying Event. The coverage must be the same and is at full cost without any employer contributions.

Qualified Beneficiaries



The spouse and/or dependents of an employee covered before a Qualifying Event occurs.



Children born to or adopted by the covered employee during the period of continued coverage.

Coverage Periods

18 MONTHS

1. Termination or reduction of work hours

36 MONTHS

2. Another Qualifying Event occurs during the 18-month period (other than the commencement of bankruptcy proceedings)

18 MONTHS

3. Employer bankruptcy

36 MONTHS

4. Death of the retiree or the retiree's spouse; but once the retiree dies, the period of continuation coverage for the retiree's spouse and children

29 MONTHS


5. Termination or reduction in work hours with a qualified beneficiary (employee or dependent) who is disabled under the Social Security Act

36 MONTHS

6. Employee's death, divorce, separation, or entitlement to Medicare, or a dependent child's loss of dependent child status

What's a Qualifying Event?

A Qualifying Event is any of the following that would result in a loss of group health insurance coverage (which includes increased premiums caused by the event) for a qualified beneficiary.



Employment termination (other than for gross misconduct)



Reduction in hours worked



Death of the covered employee




Divorce or separation



Entitlement to Medicare benefits (upon enrollment in the program)



Dependent child losing their dependent status



Bankruptcy proceedings that cause a retired covered employee or dependents to lose coverage

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COBRA Coverage

Continuing healthcare coverage after employment separation (the plain text version)

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires health plan sponsors to provide employees and their beneficiaries with the opportunity to elect continued group health coverage for a given period should their coverage be lost due to certain Qualifying Events, however the coverage is at full price without any employer contributions.

Employer Requirements

- Employs 20 or more employees on a typical business day.
- 18 or 36 month period for coverage depending on the Qualifying Event.
 - o Option to switch to individual coverage must be provided before the continued group coverage expires.

Type of COBRA coverage required.

The continuation coverage must be the same as that provided to similarly situated beneficiaries (i.e., employees, spouses, and dependents) under the health insurance plan who have not suffered a Qualifying Event.

Qualified Beneficiaries

- The spouse and/or dependents of an employee covered by the plan on the day before a Qualifying Event occurs.
- Children born to or adopted by the covered employee during the period of continuation coverage.
- If the business goes bankrupt, employees and families may be eligible.

Qualified Events

A Qualifying Event is any of the following that would result in the loss of group health insurance coverage (which includes increased premiums caused by the event) for a qualified beneficiary:

- Employee's termination of employment (for reasons other than gross misconduct),
- Employee reduction in hours worked,
- Death of the covered employee,
- Divorce or separation of the covered employee*,
- Entitlement of the covered employee to Medicare benefits (upon enrolling in the program),
- Dependent child losing the dependent status, and
- Bankruptcy proceedings that cause a retired covered employee or the employee's dependents to lose coverage.

*The IRS clarified that where an Employee eliminates the health coverage of a spouse after a divorce decree has been issued but before the date of the divorce, the COBRA Qualifying Event occurs on the date of the divorce, and the group health plan must make continuation coverage available as of that date.

Coverage Period

1. If the Qualifying Event is employee's termination (or reduction in work hours) = 18 months
2. If another Qualifying Event occurs during the 18-month period (other than the commencement of bankruptcy proceedings) = period extended to 36 months

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3. If the Qualifying Event is the employer's bankruptcy
4. If the Qualifying Event is the death of the retiree or the retiree's spouse; but once the retiree dies, the period of continuation coverage for the retiree's spouse and children = 36 months from the retiree's death
5. If the Qualifying Event is the employee's termination or reduction in work hours and a qualified beneficiary (employee or dependent) is disabled under the Social Security Act at any time during the first 60 days of continued coverage 29 months for all qualified beneficiaries entitled to continued coverage because of the same Qualifying Event (36 months if another Qualifying Event (other than bankruptcy) occurs during the 29-month period)
6. If the Qualifying Event is the covered employee's death, divorce, separation, or entitlement to Medicare, or a dependent child's loss of dependent child status = 36 months

Learn more about COBRA at <https://www.dol.gov/general/topic/health-plans/cobra>