

COBRA Benefit Continuation

- Given certain circumstances, this law permits you to continue certain health care coverages you had with an employer sponsored plan for a period of months when you would otherwise have lost the benefits.
- The benefit is denied when you voluntarily withdraw from coverage, or when your spouse or parent voluntarily withdraws you from coverage, or when the covered employee is terminated by reason of gross misconduct. (Voluntary termination of employment is considered as involuntary withdrawal from coverage.)
- The benefit is also denied when the sponsoring employer is not subject to Federal or State COBRA regulations. Federal COBRA requires that employers typically have more than 20 employees. California COBRA is effective for subject employers (see below) with 2 or more employees.
- Health insurance and dental insurance are considered the primary coverages. Other coverages such as vision care may be included, but only if you elect to continue one or more primary coverages.
- COBRA benefit continuation coverage starts the day after regular employer coverage terminates. You may continue it by timely payment of premium for up to 18 months unless.
 - ◊ You become eligible for Medicare, or the sponsoring employer terminates the plan. These two conditions dominate all the rest listed here.
 - ◊ The sponsoring employer is subject to California COBRA regulations and the continuation period can be a maximum of 36 months.
 - ◊ You are a divorced spouse, or the primary insured (not covered employee) became entitled to Medicare benefits, or you lose qualification as a dependent child, in which case the continuation period can also be a maximum of 36 months.
 - ◊ You are eligible for Social Security disability income payments at the time your employment terminated, in which case the continuation period can be a maximum of 29 months for both yourself and any covered dependents not otherwise eligible for California COBRA benefit continuation.
- Employers subject to the provisions of California COBRA are those where the employer's master policy is issued in California, or the employer has 51% or more of its employees in California and has its principal place of business in California

- Where Federal COBRA is in effect, in routine circumstances you may be charged premiums of up to 103% (3% surcharge) of the sponsoring employer's cost for the plans you take. Where you qualify for Social Security disability income payments at the time your regular coverage terminated, you may be charged up to 150% of the plan sponsor's cost once your initial 18 month period has expired.
- Where California COBRA is in effect you may be charged 110% of the plan sponsor's cost if the plan was not subject to Federal COBRA, or after the Federal COBRA extension period expired.
- You must apply for benefits in a timely manner to qualify for COBRA continuation.
- If you choose to continue your COBRA benefits once you become eligible for other employer sponsored coverage, you have the right to enter that employer's plan once your COBRA continuation expires. If the employer's plan has an annual open enrollment option, you may join it then even if your COBRA benefits have not expired.

The information in this document is intended to reflect legislation in effect as of the date it was prepared. It is not legal advice, and is not to be taken as complete or comprehensive.