

## **COBRA Compliance – An Overview**

*By Emily Tonkovich & Karly Final*

COBRA is a federal law that allows employees and their covered spouses and dependents to continue their group health plan coverage for a limited time when they would otherwise lose their coverage. To be eligible for COBRA, the employer must be subject to COBRA, the individual must be a qualified beneficiary, and there must be a qualifying event.

### **Who is Subject to COBRA?**

COBRA applies to most employers who sponsor group health plans and employed 20 or more employees during the prior calendar year on at least 50% of typical business days. Part-time employees are counted as a fraction of a full-time employee.

### **Who is a Qualified Beneficiary?**

Qualified beneficiaries typically include employees, former employees, spouses, and dependent children who were covered under the plan the day before the qualifying event. Additionally, any child born to or placed for adoption with a covered employee during a period of COBRA coverage is also a qualified beneficiary. Notably, while same-sex spouses are qualified beneficiaries, domestic partners and adult dependents are not.

### **What is a Qualifying Event?**

A qualifying event must result in a loss of coverage. Qualifying events for employees include termination for reasons other than gross misconduct and a reduction in hours of employment. Qualifying events for spouses include the termination of the covered employee's employment for reasons other than gross misconduct, reduction in the covered employee's hours of employment, divorce/legal separation, the covered employee's entitlement to Medicare, and the covered employee's death. Qualifying events for dependent children are the same as those for spouses with the addition of the loss of dependent child status.

### **What are the Employer's Responsibilities?**

COBRA requires employers that sponsor group health plans to provide specific notices to employees and their families. These notices must be provided upon certain events and there are strict time frames for providing these notices. They must also maintain rules surrounding their administration of COBRA. Further, the COBRA coverage offered must be the same as the coverage offered to similarly situated individuals covered under the plan.

### **What are the Qualified Beneficiaries Responsibilities?**

Qualified beneficiaries also have certain responsibilities to maintain their eligibility for COBRA. For example, the covered employee or qualified beneficiary is responsible for notifying the plan, within a specific time frame, in the case of a divorce/legal separation or a child's loss of dependent status. Additionally, employers can, and frequently do, require qualified beneficiaries to pay for their COBRA coverage.

Additional COBRA information can be found [here](#) and [here](#).