

# Complying With COBRA

## Checklist

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that requires covered group health plans to offer continuation coverage to employees, spouses and dependent children when coverage would otherwise be lost due to certain specific events.

This checklist outlines key steps for administering COBRA coverage. Keep in mind that administering COBRA coverage can be complex and may involve additional steps depending on the details of specific situations. Also, many states have their own continuation coverage requirements for fully insured group health plans, which are often referred to as “mini-COBRA” laws. Employers will need to comply with COBRA and any applicable state continuation coverage laws.

### General Requirements

#### General COBRA Compliance

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|----------|--|
| Complete | <p><b>Identify group health plans that are subject to COBRA.</b></p> <p>In general, COBRA applies to group health plans maintained by private-sector employers with <b>at least 20 employees</b> on more than 50 percent of typical business days in the previous calendar year. This includes, for example, fully insured health plans, self-insured health plans, level funded health plans, dental and vision plans, health flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs)</p> <p>Note that COBRA does NOT apply to health plans maintained by small employers (fewer than 20 employees) or churches, although state continuation coverage requirements may apply to these plans.</p> |
| Complete | <p><b>Download the Department of Labor’s (DOL) <a href="#">model forms</a> for administering COBRA</b> or create your own versions of these forms. If you are using the DOL’s model forms, confirm you are using the most up-to-date versions.</p>   |
| Complete | <p><b>Provide the COBRA General Notice to each covered employee</b> (and spouse, if applicable) within 90 days after health plan coverage begins.</p>  |
| Complete | <p><b>Establish internal procedures for administering COBRA coverage</b>, including procedures for Qualified Beneficiaries to provide COBRA notices and make premium payments.</p>   |
| Complete | <p><b>Provide Qualified Beneficiaries who are receiving COBRA coverage with the same benefits, choices and services that similarly situated participants receive</b>, including the right to choose between coverage options during an open enrollment period.</p>   |
| Complete | <p><b>Create and maintain records related to COBRA compliance, including records of all COBRA-required notices.</b></p>  |

# Administering COBRA

## Basic Information

**Names of Qualified Beneficiaries:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Type of Qualifying Event:**

Termination of employment (18 months)	Reduction of hours (18 months)	Divorce or legal separation (36 months)	Employee's death (36 months)	Covered child's loss of eligibility (36 months)	Entitlement to Medicare (36 months)
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**Date of Qualifying Event:** \_\_\_\_\_ **COBRA Start and End Dates:** \_\_\_\_\_

## COBRA Coverage

Complete  
Date: \_\_\_\_\_  
N/A

### Notice of Qualifying Event received from Qualified Beneficiary (if applicable)

Qualified Beneficiaries are required to notify the plan when the Qualifying Event is a divorce or legal separation or a covered child's loss of eligibility.

Complete  
Date: \_\_\_\_\_  
N/A

### COBRA Election Notice sent to Qualified Beneficiary

This notice must be provided within **14 days** of receiving notice of the Qualifying Event. For Qualifying Events that do not require notice from the Qualified Beneficiary (termination of employment, reduction in hours, employee's death or employee's entitlement to Medicare), the Election Notice generally must be provided within **44 days** of the date of the Qualifying Event or the date the Qualified Beneficiary would otherwise lose coverage, whichever is later.

Complete  
Date: \_\_\_\_\_  
N/A

### Notice of COBRA unavailability sent (when a request for COBRA coverage is denied)

The notice must be provided within **14 days** after the request for COBRA continuation coverage is received, and it must explain the reason for denying the request.

Complete  
Date: \_\_\_\_\_  
N/A

### Completed COBRA Election Notice received from Qualified Beneficiary

At a minimum, and subject to the COVID-19-related deadline relief, each Qualified Beneficiary must be given at least **60 days** to elect COBRA coverage.

## COBRA Coverage (cont.)

Complete

Date: \_\_\_\_\_

N/A

### Initial COBRA premium received

Qualified Beneficiaries cannot be required to pay a premium at the time they make the COBRA election. Plans must provide at least **45 days** after the election for an initial premium payment to be made (subject to the COVID-19-related deadline relief).

Complete

Date: \_\_\_\_\_

N/A

### Establish deadline and grace period for subsequent premium payments

Health plans may establish due dates for premiums after the initial premium payment (subject to the COVID-19-related deadline relief). Plans must provide a minimum **30-day grace period** for each payment.

Complete

Date: \_\_\_\_\_

N/A

### Provide notice of premium shortfall (if applicable)

A premium payment that is short by an insignificant amount will be deemed to satisfy the Qualified Beneficiary's payment obligation unless the plan notifies the Qualified Beneficiary of the shortfall and grants a reasonable amount of time to correct the deficiency. For this purpose, **30 days** after the notice is provided is considered a reasonable amount of time.

Complete

Date: \_\_\_\_\_

N/A

### Covered employee's Medicare entitlement before a Qualifying Event that is a termination of employment or reduction in hours and extension of COBRA coverage (if applicable)

An employee's entitlement to Medicare can extend the maximum COBRA coverage period for covered spouses and dependents if the employee has a termination or reduction in hours within 18 months after becoming entitled to Medicare. Under this rule, covered spouses and dependents are entitled to COBRA coverage for the longer of: 18 months from the date of the employee's termination or reduction in hours; or 36 months from the date the employee became enrolled in Medicare.

Complete

Date: \_\_\_\_\_

N/A

### Notice of disability determination received and COBRA coverage extended (if applicable)

Where the Qualifying Event is a termination of employment or a reduction in hours and a Qualified Beneficiary is determined by the Social Security Administration to be disabled before, at or within 60 days of the date of the Qualifying Event, all Qualified Beneficiaries within that family are entitled to COBRA for a maximum period of **29 months**. In general, the time limit for providing this notice cannot be shorter than **60 days**.

Complete

Date: \_\_\_\_\_

N/A

### Notice of second Qualifying Event received and COBRA coverage extended (if applicable)

The maximum COBRA period may be extended for spouses and dependent children when a Qualifying Event that is a termination of a covered employee's employment or a reduction of hours (both of which trigger an 18-month maximum COBRA period) is followed by a second Qualifying Event that has a 36-month maximum coverage period. In general, the time limit for providing this notice cannot be shorter than **60 days**.

## COBRA Coverage (cont.)

Complete

Date: \_\_\_\_\_

N/A

### **Qualified Beneficiary begins coverage under another group health plan (or Medicare) after electing COBRA (if applicable)**

COBRA coverage may be terminated earlier than the end of the maximum coverage period if a Qualified Beneficiary obtains coverage under another group health plan or enrolls in Medicare after electing COBRA coverage.

Complete

Date: \_\_\_\_\_

N/A

### **Notice of early termination of COBRA coverage sent (if applicable)**

When a group health plan terminates COBRA coverage early, the plan must give the Qualified Beneficiary a notice of early termination. The notice must be provided as soon as practicable following the decision to terminate coverage early.

Complete

Date: \_\_\_\_\_

N/A

### **COBRA coverage exhausted (maximum coverage period expires)**

The maximum coverage period is 18, 29 or 36 months, depending on the Qualifying Event(s) and whether there is a disability determination. COBRA does not require the plan to notify the Qualified Beneficiary when the maximum coverage period is about to expire, although employers may decide to provide this notice to help Qualified Beneficiaries plan ahead.

**Use this checklist as a guide when reviewing your company's compliance with COBRA.**

For assistance, contact Parrott Benefit Group.