



Brought to you by Alliance 360° Insurance Solutions

Health Care Reform and COBRA - Questions and Answers (Q&A)

The Affordable Care Act (ACA) was enacted on March 23, 2010, and makes significant changes to the U.S. health care system. However, continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) was minimally affected by the ACA.

This Legislative Brief provides an overview of how the ACA impacts COBRA. Please contact Alliance 360° Insurance Solutions for more information on the ACA or COBRA.

QUESTIONS AND ANSWERS

The Department of Labor (DOL) issued the following [Frequently Asked Questions](#) to assist in comprehending the health care reform law as it pertains to COBRA.

Q1: Did the health care reform legislation extend the COBRA premium reduction (subsidy)?

No. The health care reform law did not extend the eligibility time period for the COBRA premium reduction. Eligibility for the subsidy ends May 31, 2010; however, those individuals who became eligible on or before May 31, 2010, could still receive the full 15 months as long as they remain otherwise eligible.

Q2: Did the health care reform legislation extend the time period I can have COBRA beyond 18 months?

No. The health care reform law did not extend the maximum time periods of continuation coverage provided by COBRA. COBRA establishes required periods of coverage for continuation health benefits. A plan, however, may provide longer periods of coverage beyond those required by COBRA. COBRA beneficiaries generally are eligible for group coverage during a maximum of 18 months for qualifying events due to employment termination or reduction of hours of work.

Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.

Individuals who become disabled can extend the 18 month period of continuation coverage for a qualifying event that is a termination of employment or reduction of hours. To qualify for additional months of COBRA continuation coverage, the qualified beneficiary must:

- Have a ruling from the Social Security Administration that he or she became disabled within the first 60 days of COBRA continuation coverage (or before); and
- Send the plan a copy of the Social Security ruling letter within 60 days of receipt, but prior to expiration of the 18-month period of coverage.

If these requirements are met, the entire family qualifies for an additional 11 months of COBRA coverage.

Health Care Reform and COBRA-Questions and Answers (Q&A)

Q3: Did the health care reform legislation eliminate COBRA?

No. The health care reform law did not eliminate COBRA or change the COBRA rules.

Note: Although the COBRA rules are not affected by the ACA, the availability of the ACA's Exchanges may affect whether individuals who are eligible for COBRA decide to elect COBRA coverage. Depending on their situation, these individuals may qualify for premium subsidies if they purchase insurance coverage through an Exchange instead of electing COBRA. This may make coverage through an Exchange more affordable than COBRA coverage. The model COBRA election notice has been updated to include information about the availability of Exchange coverage and premium subsidies. See below for a discussion of how Exchanges affect COBRA coverage.

Q4: How does the health care reform legislation affect my coverage under my group health plan?

The health care reform law makes many changes to employee health benefit plans. Some of the changes went into effect for the first plan year that began on or after six months after enactment (Sept. 23, 2010), so for calendar year plans, Jan. 1, 2011. Many changes also go into effect for plan years beginning on or after Jan. 1, 2014.

IMPACT OF EXCHANGES

An individual who is eligible for COBRA coverage may also be eligible for coverage through an Exchange. An individual will be eligible for enrollment in a "qualified health plan" (QHP) through an Exchange if he or she:

- Is a citizen, national or non-citizen lawfully present in the U.S., and is reasonably expected to remain so for the entire period for which enrollment is sought;
- Is not incarcerated; and
- Resides in the state covered by the Exchange.

However, an individual can only enroll in a QHP through an Exchange during an open enrollment period, unless the individual has a qualifying event that triggers special enrollment rights. The initial open enrollment period for the Exchanges began on **Oct. 1, 2013**, and continued until **March 31, 2014**. For 2015, the open enrollment period will run from **Nov. 15, 2014, to Feb. 15, 2015**.

Under the Exchange rules for special enrollment, an individual is eligible to enroll in a QHP if he or she **loses minimum essential coverage**. This means that, when an individual loses eligibility under an employer-sponsored plan, he or she can choose to enroll in a QHP through an Exchange instead of purchasing COBRA coverage. An individual may also choose to enroll in a QHP through an Exchange when he or she has exhausted his or her COBRA coverage.

However, if the individual initially elects COBRA coverage, he or she generally will not be able to enroll in a QHP through an Exchange until either the next Exchange open enrollment period or until the individual exhausts COBRA coverage. Thus, if an individual voluntarily drops COBRA coverage outside of an Exchange open enrollment period (and COBRA has not yet expired), he or she will not be able to enroll in a QHP until the next open enrollment period. This includes individuals who lose COBRA due to nonpayment of premiums.

Because persons eligible for COBRA and COBRA enrollees may not have understood their Exchange enrollment options, the Department of Health and Human Services (HHS) created a special enrollment period based on exceptional circumstances. Under this special enrollment period, persons eligible for COBRA and COBRA enrollees may enroll in QHPs through the federal-facilitated Exchange for a limited time. These individuals will have through **July 1, 2014**, to select QHPs through the Exchange.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2011-2014 Zywave, Inc. All rights reserved.

2/12; EM 5/14

Health Care Reform and COBRA-Questions and Answers (Q&A)

MORE INFORMATION

See [An Employee's Guide to Health Benefits Under COBRA](#) for more information about COBRA.

The DOL's [webpage](#) on the ACA provides technical information regarding the ACA's reforms. The Department of Health and Human Services also has a website addressing many of the questions people have about the ACA, which is available at: www.healthcare.gov.

Source: Department of Labor

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2011-2014 Zywave, Inc. All rights reserved.

2/12; EM 5/14