



Health Insurance

Quick Guide to COBRA

If you are used to getting your health insurance through your employer, it can be overwhelming to try and figure out how to get coverage, if you have to stop working due to a medical diagnosis or if you have another life-changing event. The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that allows eligible individuals to keep their existing employer-sponsored health insurance coverage after experiencing a “qualifying event.”

This chart lists the qualifying events that would entitle you to coverage under COBRA and the maximum length of time you can keep COBRA coverage.

COBRA Qualifying Event	Max. COBRA Coverage
Employment ends or hours reduced	18 months
Loss of dependent child status (i.e., turning 26)	36 months
Covered employee enrolls in Medicare (dependents like a spouse or child would be eligible for COBRA coverage)	36 months
Divorce or legal separation from covered employee (dependents like a spouse or child would be eligible for COBRA coverage)	36 months
Death of covered employee (dependents like a spouse or child would be eligible for COBRA coverage)	36 months

COBRA applies to private employers with 20 or more employees and state and local governments. Most states also have a state COBRA law ([TriageCancer.org/state-laws/health-insurance-options](https://www.triagecancer.org/state-laws/health-insurance-options)). These laws vary greatly but most cover employers with 2 to 19 employees. What this means is that if you work for a private employer with less than 20 employees, and therefore, aren't eligible for COBRA, you may have similar benefits under your state's law.

COBRA coverage must be substantially similar, if not the exact same coverage, that you had with your employer-sponsored plan. When you have a qualifying event, you can choose (elect) COBRA coverage. It is important to remember that COBRA is not an actual health plan; it is the right to keep your employer-sponsored health insurance for an additional period of time.

One of the main barriers to COBRA coverage is cost. Typically, you have to pay 100% of what your employer was paying for your coverage, plus a possible 2% administrative fee (for a total of 102%). For example, your premium while you are working is \$400 per month (you pay \$200 and your employer pays \$200). If you left your job, you would be entitled to

elect COBRA coverage for 18 months, but you would be responsible for paying the entire \$400 monthly premium and an additional \$8 per month (2% of \$400) in administrative fees.

Despite the cost of the monthly premiums, there may be some significant benefits to choosing COBRA. For example, if you are in the middle of treatment, by electing COBRA coverage you wouldn't have to find a new insurance plan that has the same coverage for your doctors, hospitals, and prescription drugs. Additionally, if you have already met your out-of-pocket maximum or deductible for the year, it may make more sense financially to elect COBRA for the remainder of the plan year rather than finding a new plan and paying another out-of-pocket maximum or deductible. You should do the math to figure out which option would cost you less.

There are two times when you can extend your COBRA coverage:

- If you experience a second qualifying event during your first 18 months of COBRA coverage, you may be entitled to an 18-month extension for a maximum total of 36 months of coverage.
- If you are deemed to be disabled by the Social Security Administration within the first 60 days of your COBRA coverage, you may be entitled to an 11-month extension, for a total of 29 months of COBRA coverage. However, during the 11-month extension, the premiums may increase to 150% of the cost of coverage.

There are also a few instances when COBRA coverage may end early:

- Employee doesn't pay premiums
- Employee becomes eligible for Medicare (Note: dependents can still keep their COBRA coverage)
- Employee commits fraud
- Employer stops offering a health plan to all employees
- Employer goes out of business

Next Steps

If you are losing your employer-sponsored health insurance and are interested in electing COBRA coverage, you must do so within 60 days of your qualifying event. Your human resources (HR) representative should provide you with information about how to elect COBRA coverage, so be sure to follow the instructions and deadlines provided.

Keep in mind that if you chose to elect COBRA, you must keep your COBRA, at least until the next open enrollment period for the ACA Marketplaces or you become eligible for another employer-sponsored plan. In other words, you cannot elect COBRA coverage and decide three months later that you would rather have purchased a plan in the ACA Marketplace. However, if you become eligible for some other type of health insurance policy (e.g., Medicaid, Medicare, a new employer-sponsored plan, a spouse's employer-sponsored plan), you can drop your COBRA coverage any time.

Learn more about COBRA at dol.gov/general/topic/health-plans/cobra.

For more information about your options, visit TriageHealth.org/Health-Insurance & our Cancer Finances Health Insurance Modules (TriageCancer.org/Cancer-Finances).

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