

What is COBRA?

COBRA is an acronym for “Consolidated Omnibus Budget Reconciliation Act” of 1985.

There are two components to COBRA.

1. Federal COBRA
2. State Continuation (CalCOBRA)

COBRA allows qualified employees or their qualified dependents to *temporarily* continue their health benefits once they have lost coverage through the district. The cost of COBRA is the same premium charged to the district plus a 2% administration fee for Federal COBRA and 10% administration fee for State Continuation (CalCOBRA). The administrative fee is established according to COBRA Law.

Federal COBRA

Who is eligible?

Any individual who, on the day *before a qualifying event*, is covered under a group health plan by virtue of being on that day either a covered employee, the covered spouse of an employee, or a covered dependent child of an employee.

Each QB (qualified beneficiary) has an *independent* right to elect COBRA. An eligible spouse or dependent children can enroll in COBRA without the employee.

How does COBRA begin?

To qualify for COBRA there has to be a qualifying event (QE). A QE is an event that results in the loss of health coverage for employee or dependents. Examples of qualifying events and the length of COBRA coverage associated with them are:

<u>Qualifying Event</u>	<u>Length of coverage</u>
Termination	18 months
Retirement	18 months
Reduction of Hours	18 months
Over age dependent (loss of dependent status)	36 months*
Divorce	36 months*
Death of Subscriber (employee)	36 months*

*Maximum length of coverage under State and Federal law

Who is NOT eligible for COBRA?

Persons who lose benefits due to “Gross Misconduct”.

When does COBRA terminate?

Federal COBRA will terminate:

1. After 18 months of enrollment
2. Premiums not paid on a timely basis

3. Person becomes eligible for:
 - a. Entitlement to Medicare
 - b. Any other health insurance plan that does not have an exclusion or limitation for pre-existing conditions
 - c. A plan with a pre-existing limitation that must credit prior coverage toward its pre-existing condition exclusion period

State Continuation (CalCOBRA)

State Continuation also known as CalCOBRA is a State law (AB 1401) that allows those who have exhausted 18 months of Federal COBRA to continue their Medical, RX and Behavioral Health benefits for 18 additional months. An additional 10% administration fee added is added to the premium. State Continuation *does not* apply to dental or vision.

Who is eligible for CalCOBRA?

COBRA enrollees who are entitled to less than 36 months of continuation coverage under federal COBRA are eligible for CalCOBRA and must exhaust their federal COBRA first.

Who is NOT eligible for CalCOBRA?

- Persons who are entitled to Medicare
- Persons who have other coverage or who become covered under another group plan, as long as the person is not subject to a pre-existing condition limitation
- Persons eligible for or covered under federal COBRA (must exhaust Federal before you can enroll in State)
- Persons who were entitled to a maximum of 36 months coverage under federal COBRA

How long does CalCOBRA last?

The maximum length of the CalCOBRA continuation period is 18 months. CalCOBRA may be elected only *after* federal COBRA is exhausted. CalCOBRA was designed to allow the enrollee a total continuation period of 36 months (18 months through Federal and 18 months through State).

Once Federal and State COBRA have been exhausted, the QB will be notified to contact the medical carrier (ex: Blue Cross, Blue Shield, Health Net, etc.) or an insurance broker for information on the following options to continue with coverage:

- HIPAA plan
- Conversion plan
- Individual plan

Additional questions may be directed to the SISC office, (661) 636-4410.