

COBRA – Small Business Marketplace Policy and Procedures

Policy:

The Consolidated Omnibus Budget Reconciliation Act (COBRA) and New York State Continuation of Coverage (mini-cobra for employers with fewer than 20 employees) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events.

The Small Business Marketplace will make COBRA accommodations in the areas of: Employer Enrollment, Billing and collections for COBRA Enrollees, Company and Life Events establishing COBRA Eligibility and changes for COBRA Enrollees.

Procedures:

- When an employer terminates the enrollment for an employee, the Small Business Marketplace will identify if the termination is a COBRA Qualifying Event. If determined to be a Qualified Event, a notice will be generated to the employer and the employee about the termination and subsequent COBRA enrollment opportunity. The employee and/or their dependents will have 75 days from the time of termination date/date of removal for the employee/COBRA beneficiary to enroll.
- **COBRA Qualifying Events**
 - “**Qualifying events**” are events that cause an individual to lose his or her group health coverage. The type of qualifying event determines who the qualified beneficiaries are for that event and the period of time that a plan must offer continuation coverage. COBRA establishes only the minimum requirements for continuation coverage. A plan may always choose to provide longer periods of continuation coverage.
 - The following are the qualifying events for a **covered employee** if they cause the covered employee to lose coverage:
 - Termination of the employee’s employment for any reason other than “gross misconduct
 - Reduction in the number of hours of employment
 - The following are the qualifying events for the **spouse/domestic partner and dependent child** of a covered employee if they cause the spouse or dependent child to lose coverage:
 - Termination of the employee’s employment for any reason other than “gross misconduct”
 - Reduction in the number of hours of employment
 - Covered employee becomes entitled to Medicare

- Divorce or legal separation of the spouse from the covered employee
- Death of the covered employee-

- In addition to the above, the following is a qualifying event for a **dependent child** of a covered employee if it causes the child to lose coverage:
 - Loss of “dependent child” status under the plan rules.

- **COBRA Open Enrollment**
 - The COBRA qualified beneficiary must receive the same open enrollment notice as an active employee.
 - The open enrollment notice is to be provided to potential COBRA beneficiaries (individuals in their 60-day COBRA election period).
 - COBRA beneficiaries (Individuals who have elected but have not yet paid during their 45 day initial COBRA payment period)
 - Enrolled COBRA beneficiaries (Individuals who have elected and paid for COBRA)

- **COBRA Qualified Beneficiary**
 - A qualified beneficiary is an individual who was covered by a group health plan on the day before a qualifying event occurred that caused him or her to lose coverage. The following are COBRA qualified beneficiaries:
 - Employee
 - Dependents
 - Note: COBRA coverage is dependent on the original coverage during the employer open enrollment.
 - Note: COBRA benefits is also dependent on the benefits chosen by employee during the open enrollment

- **COBRA Benefits Requirements**
 - COBRA enrollees will have the same options and benefits available to covered employees
 - **Level of Coverage:** A COBRA beneficiary can possible decrease the level of coverage tier but cannot increase it. E.g. COBRA employee can move from family coverage to employee only, but cannot move from employee only to Family coverage.
 - **Plan Changes:** A COBRA beneficiary cannot change the plan but will have the same enrollment rights as an active employee during the open enrollment. Refer 2.1.2
 - **Premiums:** The premium will change to reflect the coverage tier that COBRA beneficiary elects
 - COBRA beneficiary will have 60 days to enroll/reject COBRA benefits but the COBRA coverage will be retro actively backdated to the Termination date/LSC date. E.g. If an employer terminates an employee on Jan 1st 2013, the employee will have the ability to enroll/reject COBRA until March 1st 2013.



Let's say that the employee accepts COBRA on Feb 27th 2013. The effective COBRA coverage date must be set to Jan 1st 2013.

- **Existing COBRA Beneficiaries**

- COBRA beneficiaries who were part of an employer before employer participated in Small Business Marketplace.
- NYSOH system must allow an employer to enroll these COBRA beneficiaries to the new benefits offered by employer.

- **COBRA Duration**

- COBRA requires that continuation coverage extend from the date of the qualifying event for a limited period of time, either 18 or 36 months. The length of time for which continuation coverage must be made available (the “maximum period” of continuation coverage) depends on the type of qualifying event that gave rise to the COBRA rights. A plan, however, may provide longer periods of coverage beyond the maximum period required by law.

Qualifying Event	Qualified Beneficiaries	Maximum Period of Continuation Coverage
Termination (for reasons other than gross misconduct) or reduction in hours of employment	Employee Spouse Dependent Child	18 Months NOTE: NYS mini-COBRA extends continuation benefits for up to 36 months for all qualified beneficiaries. If an employer group is subject to federal COBRA, but the policy was issued in New York State, then New York law will provide additional months of continuation after federal COBRA expires, to bring the total to 36 months
Death of covered employee	Spouse Dependent Child	36 Months
Employee enrollment in Medicare	Spouse Dependent Child	36 Months
Divorce or Legal separation	Spouse Dependent Child	36 Months
Loss of “dependent child” status under the plan	Dependent Child	36 Months

- **COBRA and FM Interface**

- COBRA beneficiary will be part of the same billing invoice as standard billing and must be identified on the invoice with an * to indicate COBRA enrollment.
- The deadline to remove a COBRA enrollee for non-payment of premium (to the employer) is the last day of the month. If the employee is not removed by the employer by the end of the month, the employer must pay the full amount of their invoice, including the COBRA enrollee's premium for that month, or the employer group will be terminated for non-payment.

- **Employer Termination of COBRA Coverage**

- Employers have the capability to remove the COBRA beneficiary because of the following scenarios:
 - A required premium was not paid in full on time
 - A qualified beneficiary became covered
 - A COBRA beneficiary became entitled to Medicare benefits after electing continuation coverage
 - A employer ceased to provide any group health plan for its employees