



COBRA and Medicare

The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 requires that employers with 20 or more employees provide (under certain conditions) group health coverage (for a fee) for employees and dependents for a period of time after their group health plan eligibility ends. This is called “continuation coverage.” You may have this right if you lose your job, your working hours are reduced, or you are a spouse or dependent of a covered employee and lose coverage due to a “qualifying event.”

What are COBRA qualifying events?

The qualifying events for **employees** are:

- Voluntary or involuntary termination of employment for reasons other than gross misconduct
- Reduction in the number of hours of employment

The qualifying events for **spouses** are:

- Voluntary or involuntary termination of the covered employee’s employment for reasons other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employee becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

The qualifying events for **dependent children** are the same as for the spouse with one addition:

- Loss of “dependent child” status under the plan rules

What benefits will I have?

Under COBRA the continuation of coverage must be identical to the “core” or basic benefits the employee or dependent received prior to terminating employment. All benefits must be continued if those benefits were offered as part of the original “core” benefits.

How long will my COBRA coverage last?

COBRA-eligible beneficiaries (employees, spouses, and children) may continue coverage for 18-36 months, depending on the situation. Check with your employer health benefits representative.

How do I apply for COBRA coverage?

Under the law the employee or a family member has the responsibility to inform the employer within 60 days of a known “qualifying event.” The employer must then notify the employee or family member of the right to elect COBRA continuation coverage. You have 60 days from the date you would lose coverage or 60 days from the date you received the election form to choose COBRA coverage. If you do not choose COBRA during this period, your medical coverage will end.

What happens if I become entitled to Medicare?

If you have COBRA continuation coverage before you enroll in Medicare, your COBRA coverage may end. This is because the employer has the option of canceling continuation coverage when Medicare entitlement begins. The length of time your spouse receives coverage under COBRA may change when you enroll in Medicare. Ask your employer benefit administrator about this before you leave your job.

If you elect COBRA coverage after you enroll in Medicare, you can keep your continuation coverage. When your group coverage ends, you and your dependents can get coverage under COBRA. However, you need to make a decision about when to enroll in Medicare Part B if you are not already eligible.

You may have chosen to delay enrollment into Medicare Part B upon Medicare eligibility if you or your spouse are actively working and are covered by an employer’s group health plan (EGHP).

If you have Medicare Part A only when your group health plan coverage ends and you or your spouse are no longer actively working, it will be necessary to enroll into Medicare Part B even if you choose to continue employer group health coverage under COBRA. Why? Coverage under COBRA is not due to current, active employment, which means your Medicare coverage will be primary. You have 8 months from when the employment ends, called a special enrollment period, to enroll in Medicare Part B. If you do not enroll during this 8-month period, you may have to pay a Medicare Part B premium late penalty, and your coverage will be delayed. You will only be able to enroll in Medicare Part B during the general enrollment period (January through March), and your coverage will not begin until July.

Remember, you are not entitled to a Medicare Part B special enrollment period when COBRA coverage ends.

For more information about COBRA and Medicare contact the Department of Labor's Employee Benefits Security Administration (EBSA) at 866-444-3272; or go to www.askebsa.dol.gov for FAQs and other fact sheets.