



# COBRA California



## Comparison of Federal and California Continuation Laws

	FEDERAL (COBRA)	CALIFORNIA (Cal-COBRA)
<b>Covered Employers and Health Plans</b>	<p>Group health plans (fully insured and self-insured) maintained by private-sector, state and local government employers with <b>20 or more employees</b>. However, group health plans sponsored by the federal government or by churches are exempt from COBRA.</p>	<p><b>Small Employers:</b> Insured group health plans sponsored by employers that have 2 to 19 eligible employees.</p> <p><b>Large Employers:</b> Insured group health plans that are subject to federal COBRA must offer continuation coverage under Cal-COBRA for employees who were only eligible for 18 months of COBRA coverage and exhausted that coverage. The coverage generally must be the same coverage that applies to similarly situated individuals under the group benefit plan. However, the Cal-COBRA extension for large employers does not apply to non-core coverage (that is, dental or vision care coverage).</p> <p>Self-insured ERISA plans are not subject to state continuation coverage requirements. Non-ERISA plans that are self-insured should consult their plan's terms.</p>
<b>Qualified Beneficiaries</b>	<p>An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.</p>	<p>Any individual who is covered by the group health plan on the day before the qualifying event. In addition, any child born to or placed for adoption with a former employee during the period of Cal-COBRA coverage is considered a qualified beneficiary if the child is enrolled within 30 days of the birth or placement.</p>

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<b>Qualifying Events</b>	<p>Events that trigger an obligation to offer COBRA coverage include:</p> <ul style="list-style-type: none"> <li>• Termination of employment for reasons other than gross misconduct (all qualified beneficiaries);</li> <li>• Reduction in the number of hours of employment (all qualified beneficiaries);</li> <li>• Covered employee's becoming entitled to Medicare (spouse and dependent children);</li> <li>• Divorce or legal separation of the covered employee (spouse and dependent children);</li> <li>• Death of the covered employee (spouse and dependent children); and</li> <li>• Loss of dependent child status under the plan (dependent children).</li> </ul>	<p>Events that trigger an obligation to offer Cal-COBRA to qualified beneficiaries include:</p> <ul style="list-style-type: none"> <li>• Termination or reduction in hours of the covered employee's employment (except termination for gross misconduct);</li> <li>• Death of the covered employee;</li> <li>• Divorce or legal separation of the covered employee from his or her spouse;</li> <li>• Dependent's loss of dependent status; and</li> <li>• With respect to covered dependents only, the covered employee's entitlement to benefits under Medicare.</li> </ul>
<b>Maximum Continuation Period</b>	<p>The maximum duration of COBRA coverage depends on the type of qualifying event, as follows:</p> <p><b>18 months</b> - Employment termination or reduction in hours of work</p> <p><b>29 months</b> - The Social Security Administration (SSA) determines the qualified beneficiary is disabled during the first 60 days of COBRA coverage. This 11-month extension applies to the qualified beneficiary with the disability and all of the qualified beneficiaries in the family.</p> <p><b>36 months</b> - Divorce or legal separation, employee's death, entitlement to Medicare or loss of dependent child status</p> <p><b>36 months</b> - After a qualifying event that is an employment termination or a reduction in hours of work, a second qualifying event occurs that is the death of the employee, the divorce or legal separation of the covered employee and spouse, Medicare entitlement (in certain circumstances) or loss of dependent child status under the plan.</p>	<p><b>Small Employers (2 to 19 employees):</b> Up to 36 months for any qualifying event.</p> <p><b>Large Employers (20 or more employees):</b> Enrollees who have exhausted their coverage under federal COBRA may have the opportunity to continue coverage under Cal-COBRA for up to 36 months from the date COBRA coverage began, if the enrollee was entitled to less than 36 months of COBRA coverage. Dental and vision care coverage are not subject to this extension.</p>

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<b>Early Termination of Coverage</b>	<p>Coverage begins on the date that coverage would otherwise have been lost by reason of a qualifying event and will end at the end of the maximum period. It may end earlier if:</p> <ul style="list-style-type: none"> <li>• Premiums are not paid on a timely basis;</li> <li>• The employer ceases to maintain any group health plan;</li> <li>• After the COBRA election, coverage is obtained with another employer group health plan (including any group health plan of a governmental employer); or</li> <li>• After the COBRA election, a beneficiary becomes entitled to Medicare benefits.</li> </ul>	<p>Continuation coverage requirements do not apply to the following individuals:</p> <ul style="list-style-type: none"> <li>• Individuals who are entitled to or who become entitled to Medicare benefits (entitlement to Part A only constitutes entitlement to Medicare benefits);</li> <li>• Individuals who have other hospital, medical or surgical coverage, or who are covered or become covered under another group benefit plan, including a self-insured employee welfare benefit plan, that provides coverage and does not impose any pre-existing condition exclusion or limitation;</li> <li>• Individuals who are covered, become covered or are eligible for federal COBRA;</li> <li>• Qualified beneficiaries who fail to timely meet notification requirements; and</li> <li>• Qualified beneficiaries who fail to timely submit the correct premium amount or fail to satisfy other terms and conditions of the plan contract.</li> </ul> <p>In addition, coverage may terminate before the end of the maximum coverage period if:</p> <ul style="list-style-type: none"> <li>• The employer ceases to provide any group health plan for its employees;</li> <li>• The qualified beneficiary moves out of the plan’s service area; or</li> <li>• The qualified beneficiary commits fraud or deception in the use of plan services.</li> </ul>
<b>Notice Requirements</b>	<p>Health plan administrators must provide an <b>initial general notice</b> when group health coverage begins. When a qualifying event occurs, health plan administrators must provide an <b>election notice</b> regarding rights to COBRA continuation benefits to each qualifying</p>	<p>A plan’s evidence of coverage must disclose the ability to continue coverage, the rules of continuation coverage and certain notice requirements, including a statement that individuals should</p>

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	<p>beneficiary who loses plan coverage in connection with the qualifying event. Qualified beneficiaries must respond to this notice and elect COBRA coverage by the <b>60th day</b> after the written notice is sent or the day health care coverage would end, whichever is later. Additional COBRA notice requirements apply under federal law.</p>	<p>examine their options carefully before declining continuation coverage. Qualified beneficiaries must notify the insurer or employer in writing of all qualifying events (except a termination or reduction in hours) within 60 days of the qualifying event. Employers are required to notify insurers of any employee who has had a qualifying event that is a termination or reduction in hours of employment within 30 days of the qualifying event.</p> <p>The insurer or employer must provide election information to a qualified beneficiary within 14 days of receiving notice of a qualifying event.</p> <p>Qualified beneficiaries must request continuation coverage in writing within the 60-day period following the later of:</p> <ul style="list-style-type: none"> <li>• The date that coverage under the group benefit plan terminated or will terminate by reason of a qualifying event; or</li> <li>• The date the qualified beneficiary was sent notice of the ability to continue coverage under the group benefit plan.</li> </ul> <p>In addition, during the 180-day period before Cal-COBRA coverage is exhausted, the insurer or employer must notify a qualified beneficiary that his or her continuation coverage will terminate and any available conversion options. This notice of pending termination also applies to large employers with respect to qualified beneficiaries who are entitled to less than 36 months of COBRA coverage. For large employers, this notice must explain a qualified beneficiary's right to continue coverage under Cal-COBRA for up to 36 months from the date of the qualifying event.</p>
<b>Premium Rules</b>	<p>The maximum amount charged to qualified beneficiaries cannot exceed <b>102 percent</b> of the plan's total cost of coverage for similarly situated individuals. For qualified beneficiaries</p>	<p>The maximum amount charged to qualified beneficiaries cannot exceed <b>110 percent</b> of the applicable rate charged for covered employees or, for</p>

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	<p>receiving the 11-month disability extension, the premium for those additional months may be increased to 150 percent of the plan's total cost of coverage.</p> <p>Plans must provide at least 45 days after the election for making an initial premium payment. The plan sponsor may establish due dates for later payments, but it must provide a minimum 30-day grace period for each payment.</p>	<p>dependent coverage, similarly situated individuals.</p> <p>The first premium must be paid within 45 days of the qualified beneficiary's election for continuation coverage, and must equal an amount sufficient to pay any required premiums that are due.</p>
<b>Applicable Statutes</b>	IRC § 4980B, ERISA §601 <i>et seq.</i> , 29 CFR §§ 2590.606-1 through 2590.606-4.	CA Health and Safety Code § 1366.20-.29, CA Insurance Code § 10128.50-.59
<b>Government Agency Contact</b>	Departments of Labor and Treasury (private sector plans) and Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the <a href="#">Department of Labor</a> .	<a href="#">CA Department of Insurance</a> (Indemnity Policies) and <a href="#">Department of Managed Health Care</a> (HMO/Managed Care Plans)