



# COBRA Arkansas

## Comparison of Federal and Arkansas Continuation Laws

	FEDERAL (COBRA)	ARKANSAS
<b>Covered Employers and Health Plans</b>	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.	Insured group accident and health plans that provide hospital, surgical or major medical benefits (not including accident only or specified disease policies) must provide continuation coverage to the employee, the employee's spouse and any dependent children of the employee following termination of employment or membership, or change in marital status. 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.  Continuation coverage need not include benefits for dental care, vision services or prescription drug expenses.  A group accident and health plan may choose, but is not required, to provide continuation benefits for an employee's family or dependents after the employee's death.
<b>Qualified Beneficiaries</b>	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.	Continuation coverage is only available to individuals who have been continuously insured under the group policy during the <b>three-month period</b> prior to the termination of employment or membership or change in marital status.  Continuation coverage is not available to an individual who is eligible for:

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		<ul style="list-style-type: none"> <li>Federal Medicare coverage; or</li> <li>Full coverage under any other group health plan that provides benefits for all pre-existing conditions.</li> </ul>
<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 continuation coverage include:</p> <ul style="list-style-type: none"> <li>Termination of employment or membership; and</li> <li>Change in marital status.</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</p>	<b>120 days</b>

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	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.	
<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 of coverage ends upon the earliest of the following:</p> <ul style="list-style-type: none"> <li>• 120 days after continuation coverage began;</li> <li>• The end of the period for which the individual made a timely contribution;</li> <li>• The contribution due date following the date the individual becomes eligible for Medicare; or</li> <li>• The date the policy is terminated or the group withdraws from plan (unless the group policy is replaced).</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 beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>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>An individual who wishes to continue coverage must request continuation in writing no later than <b>10 days</b> after the termination of employment or membership, or the change in marital status.</p>
<b>Premium Rules</b>	<p>The maximum amount charged to qualified beneficiaries cannot exceed 102 percent of the plan’s total cost of coverage for similarly situated individuals. For qualified beneficiaries receiving the 11-month disability extension, the premium for those additional months may be increased to</p>	<p>Individuals who request continuation coverage must pay premiums on a monthly basis and in advance. Payments must be made in accordance with the group policy.</p>

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	<p>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>	
<b>Applicable Statutes</b>	IRC § 4980B, ERISA §601 <i>et seq.</i> , 29 CFR §§ 2590.606-1 through 2590.606-4.	Arkansas Stats. Ann. §§ 23-86-109, 23-86-114
<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="#">Arkansas Insurance Department</a>