

# KNOW YOUR EMPLOYEE BENEFITS

Benefit and insurance issues important to you - brought to you by the insurance specialists at: Western States Benefit Planning (Mountain).



## Health Care Reform and Cobra

### Frequently asked questions

In 2010, health care reform became a reality with the passage of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. The U.S. Department of Labor has issued Frequently Asked Questions on how the health care reform law affects COBRA and the COBRA premium subsidy.

**Did the health care reform legislation extend the COBRA premium extension?** No. The new health care reform legislation, The Patient Protection and Affordable Care Act (PPACA) as amended by the Health Care and Education Reconciliation Act, did not extend the eligibility time period for the COBRA premium reduction. Eligibility for the subsidy ends May 31, 2010; however, those individuals who become eligible on or before May 31, 2010, can still receive the full 15 months as long as they remain otherwise eligible.

**Did the health care reform legislation extend the time period I can have COBRA beyond 18 months?**

No. The new health care reform legislation, The Patient Protection and Affordable Care Act (PPACA) as amended by the Health Care and Education Reconciliation Act, did not extend the maximum time periods of

continuation coverage provided by COBRA. COBRA establishes required periods of coverage for continuation health benefits. A plan, however, may provide longer periods of coverage beyond those required by COBRA. COBRA beneficiaries generally are eligible for group coverage during a

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Health care reform makes many changes to health benefit plans, including COBRA for those who became eligible on or before May 31, 2010.

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maximum of 18 months for qualifying events due to plans employment termination or reduction of hours of work.

Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.

Individuals who become disabled can extend the 18 month period of continuation coverage for a qualifying event that is a termination of employment or reduction of hours. To qualify for additional months of COBRA continuation coverage, the qualified beneficiary must:

- Have a ruling from the Social Security Administration that he or she became disabled within the first 60 days of COBRA continuation coverage (or before); and
- Send the plan a copy of the Social Security ruling letter within 60 days of receipt, but prior to expiration of the 18-month period of coverage. If these requirements are met, the entire family qualifies for an additional 11 months of COBRA continuation coverage.

**Did the health care reform legislation eliminate COBRA?**

No. The new health care reform legislation, The Patient Protection and Affordable Care Act (PPACA) as amended by the Health Care and Education Reconciliation Act, did not eliminate COBRA or change the COBRA rules.

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## **How does the new health care reform legislation affect my coverage under my group health plan?**

The new health care reform legislation, The Patient Protection and Affordable Care Act (PPACA) as amended by the Health Care and Education Reconciliation Act, makes many changes to employee health benefit plans. Some of the changes go into effect for the first plan year that begins on or after six months after enactment (Sept. 23, 2010), so for calendar year plans, Jan. 1, 2011. However, many changes do not go into effect until the first plan year beginning on or after Jan. 1, 2014.

*Source: Department of Labor*