

# KNOW YOUR BENEFITS.

HCR



## Health Care Reform and COBRA – Frequently Asked Questions

The health care reform law—the Affordable Care Act (or ACA)—includes many reforms that impact health plan benefits. After the ACA became law, the Department of Labor (DOL) issued Frequently Asked Questions on how the ACA affects COBRA continuation coverage.

Also, starting in 2014, eligible individuals may purchase health insurance through the ACA's health insurance Exchanges. This coverage may cost less than COBRA continuation coverage. Federal agencies have provided guidance on when individuals who are eligible for COBRA may enroll in an Exchange plan.

**Did the health care reform legislation extend the COBRA premium reduction (subsidy)?** No. The ACA did not extend the eligibility time period for the COBRA premium reduction. Eligibility for the subsidy ended May 31, 2010; however, those individuals who became eligible on or before May 31, 2010 still received the full 15 months, as long as they remained otherwise eligible.

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

No. The ACA 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 maximum of 18 months for qualifying events due to 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.

**Individuals who are eligible for COBRA should also consider other coverage options, such as coverage through the ACA's Exchange.**

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

No. The ACA did not eliminate COBRA or change the COBRA rules. See "[An Employee's Guide to Health Benefits under COBRA](#)" for more information about COBRA.

### **How does the ACA affect my coverage under my group health plan?**

The ACA makes many changes to employee health benefit plans. Some of the changes went into effect years ago. However, many key changes are effective for 2014, such as the prohibition on pre-existing condition exclusions for all enrollees.

### **Did the ACA create other coverage options for individuals eligible for COBRA?**

Yes. The ACA created new coverage options through its health insurance Exchange, or Marketplace. Individuals who are eligible for COBRA may be able to purchase a more affordable plan for themselves (and their families) through the Exchange. If you are eligible for COBRA, you should compare other coverage options with COBRA and



This Know Your Benefits article is provided by CBIZ and is to be used for informational purposes only and is not intended to replace the advice of an insurance professional. Visit us at <http://www.cbiz.com>. ©2013-2014 Zywave, Inc. All rights reserved.

## **Health Care Reform and COBRA – Frequently Asked Questions**

choose the coverage that is best for you and your family. In addition to an Exchange plan, you should consider coverage options under Medicaid or another group health plan (such as a spouse's plan) through what is called a "special enrollment period."

When you lose job-based health coverage, it's important that you choose carefully between COBRA continuation coverage and other coverage options. Once you've made your choice, it can be difficult or impossible to switch to another coverage option.

### **If I sign up for COBRA, can I switch to an Exchange plan? What about if I choose an Exchange plan and want to switch to COBRA?**

If you sign up for COBRA continuation coverage, you can switch to an Exchange plan during an Exchange open enrollment period. The next open enrollment period begins on Nov. 15, 2014 and goes until Feb. 15, 2015.

You can also end your COBRA continuation coverage early and switch to an Exchange plan if you have another qualifying event (such as marriage or birth of a child) through something called a "special enrollment period." But be careful though—if you terminate your COBRA continuation coverage early without another qualifying event, you'll have to wait to enroll in Exchange coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you've exhausted your COBRA continuation coverage and the coverage expires, you'll be eligible to enroll in Exchange coverage through a special enrollment period, even if Exchange open enrollment has ended.

**I did not realize that I would not be able to switch from COBRA to an Exchange plan outside of an open enrollment period or**

**special enrollment period. Are there any special transition rules that would help me make this change?**

Yes. Because persons eligible for COBRA and those enrolled in COBRA may not have understood their Exchange enrollment options, the Department of Health and Human Services (HHS) created a special enrollment period based on exceptional circumstances. Under this special enrollment period, persons eligible for COBRA and COBRA enrollees may enroll in plans through the Exchange for a limited time. These individuals will have through **July 1, 2014**, to select plans through the Exchange.

Eligible individuals should contact the Exchange call center (1-800-318-2596) to activate the special enrollment period. They should inform the call center that they are calling about their COBRA benefits and the Exchange. Once determined eligible for the special enrollment period, consumers can then view all plans available to them and continue the enrollment process over the phone or online through creating an account on [www.healthcare.gov](http://www.healthcare.gov) or logging into their existing account.

*Sources: Departments of Labor and Health and Human Services*



**KNOW  
YOUR  
BENEFITS.**

HCR