

Job Tips for 50+ Workers

www.aarp.org/jobtips

COBRA: Keeping Your Group Health Insurance

In 1985, Congress passed a law that gives certain workers and their families the right to keep their group health insurance for a time after they leave their employer's plan. That law is called "COBRA," the Consolidated Omnibus Budget Reconciliation Act of 1985.

COBRA protects workers and their families who have lost their insurance because of changes in their work or family life, such as losing a job or getting divorced.

Who Can Get COBRA Benefits

For you and your family to get COBRA benefits and continue in your group health plan, you must meet certain conditions:

- Your health plan must be from an employer with 20 or more workers or from state or local government. Federal workers are protected under a law similar to COBRA. Check with the person at work who manages your health plan to be sure your plan is covered by COBRA.
- You must have been covered by a group health plan before the changes in your work or family life took place. For family coverage, your family also must have been covered by the group health plan before the changes took place.
- You must have lost your health insurance coverage because of specific changes or events in your work or family life.

FYI: If you are in a group health plan offered by an employer with fewer than 20 workers, you may be able to get benefits similar to COBRA under state law. Check with your state insurance department.

Covered Work and Family Life Changes

The kind of change you had in your work or family life decides if you can get COBRA benefits. It also determines how long you, your spouse and children can continue to be covered by your group health plan.

Work or family life change	Who can continue in group health plan	For up to:
You (as the employee) lose or leave your job.	You Your spouse Your dependent child	18 months. If due to disability, you may be able to extend another 11 months. Check with your employer.
Your work hours are reduced.		

Work or family life change	Who can continue in group health plan	For up to:
You enroll in Medicare.	Your spouse Your dependent child	36 months
You are divorced or legally separated.		
You die.	Your spouse Your dependent children	36 months
Your child is no longer a "dependent" according to the health plan.	Your dependent child	36 months

FYI: Some states let you keep your group health insurance longer than the COBRA benefits allow. Check with your state insurance department to learn more.

The Cost of COBRA

You usually must pay the entire premium (monthly payment) for your group plan. When you get COBRA, your employer will no longer pay a share of the health insurance costs.

For example, if your group health plan costs \$200 each month, your employer might have paid \$140 and you paid \$60. If you lose your group insurance and qualify for COBRA benefits, you have to pay the entire \$200 yourself. You can be charged up to 2% more to administer the plan. In this case, your COBRA premium would be \$204.

Though you will pay more for your group health plan with COBRA, it usually costs less than buying similar individual health insurance and gives more benefits.

Important Steps to Take

You or your employer must complete the following steps within the listed deadlines to get COBRA benefits:

- If you are fired, quit, have your work hours reduced, enroll in Medicare, or die, your employer must tell your health plan about any of these changes within 30 days.
- If you get your health insurance through your spouse's job and separate from or divorce your spouse, you or your spouse must tell your spouse's employer about these changes in writing within 60 days.
- If your spouse and children have had health insurance coverage through your job and lose it through separation or divorce, you must tell your employer about these changes within 60 days.

- If your child has had health insurance through your job and is now no longer a dependent, you must tell your employer within 60 days.

Once your health plan has received this information, it must send you a notice within 14 days to confirm that you are entitled to COBRA benefits.

When COBRA Benefits Run Out

Once your COBRA benefits run out, you may be able to convert your group insurance to an individual insurance policy. Under a conversion option, the insurance company that gave you group coverage will offer you individual coverage.

A conversion option makes it easier for you to get individual insurance because you don't have to prove you can be insured. To prove you can be insured, you must get medical exams and tests that rule out certain medical problems the insurance company does not want to pay for. If it turns out you do have these problems, an insurance company may be able to refuse to sell you a policy or charge you more.

Benefits under the individual policy will probably be different from your group policy and you might have to pay more for them. However, it usually is worth checking into this option. You can always compare costs and benefits under the conversion policy with other individual plans.

Check with the benefits manager at your former workplace to find out if its group insurance has a conversion option. Also, call your state insurance department to find out about your rights under such a policy. If you can't convert your group insurance to individual insurance, you will need to look at other individual insurance policies.

Source: AARP.org

