

COBRA Processing Qualifying Event Frequently Asked Questions



Do you have an employee who is eligible for COBRA due to a Qualifying Event (QE)? Or maybe you are not sure whether they fit into the QE status? Do you know the difference between Federal COBRA and State Continuation and which one applies to you? Our helpful guide highlights what you need to know about COBRA Administration.

Some examples of Qualifying Events (QE):

- Involuntary or voluntary termination of employment
- Reduction in hours resulting in loss of eligibility (involuntary and voluntary).
- A child loses dependent status (and therefore coverage) under the plan.
- Divorce or legal separation
- Death
- An employee entitled to Medicare
 - This scenario only applies if dependents will lose coverage under the plan because of a QE (for example, an employee's retirement is a QE for dependents who lose coverage as a result).
 - It is important to note that an employee who chooses to come off of a group health plan because of Medicare entitlement is not a QE for dependents.

Pennsylvania mini-COBRA vs. Federal COBRA

Federal COBRA covers group health plans sponsored by an employer (private-sector or state/local government) that employed at least 20 employees on more than 50 percent of its typical business days in the previous calendar year. Employee counts include both full-time and part-time to determine whether a plan is subject to COBRA. Each part-time employee counts as a fraction of a full-time employee, with the fraction equal to the number of hours that the part-time employee worked divided by the hours an employee must work to be considered full-time. Click [here](#) to access a Full-time Equivalent (FTE) employee calculator to help you determine your FTE count.

Aside from its application to small vs. large employers, there are significant differences between Pennsylvania mini-COBRA and the federal statute, including the following:

- Health insurance continuation coverage under Pennsylvania mini-COBRA is limited to nine (9) months following a qualifying event; insurance coverage under COBRA is available for 18 months and, in certain circumstances, can be extended.
- Pennsylvania employers may charge up to 105% of the monthly premium for continuation coverage; COBRA permits employers to charge no more than 102% of the monthly premium. (The add-on, in each case, is intended to defray the administrative expense.)
- Under Pennsylvania law, the group health plan must cover the individuals for at least three months before the qualifying event occurs. The federal law only requires the individual to be covered by the health plan on the day before the qualifying event.
- Pennsylvania mini-COBRA coverage ends once a covered individual becomes *eligible* for Medicare or another group health plan; COBRA rights end only after the covered individual enrolls in another group health plan or Medicare.
- Pennsylvania law applies only to insured arrangements, including hospital and surgical policies; federal COBRA applies to insured AND self-insured group health programs.
- Under the guidelines of PA mini-COBRA, only medical benefits are offered as a continuance of coverage; Federal COBRA guidelines require employers to include other ancillary products in their COBRA offering, such as dental and vision.
- Under mini-COBRA, the obligation for payment of the premium subsidy and, in turn, entitlement to the corresponding tax credit, rest with the insurer providing the group health coverage. Conversely, those employers which are subject to COBRA, generally have to pay the premium subsidy and seek reimbursement through the corresponding tax credit.

Information contained in this brochure is for general information only. FIFS, LLC does not provide legal or tax advice. For advice specific to your situation, please consult an attorney or other professional.

We recommend that you utilize the services of a COBRA Administrator to ensure that you are compliant with all of the COBRA laws. Contact your [FIFS Client Service Advisor](#) for more info.

Group Employers with less than 20 employees are subject to PA State Continuation or PA-mini COBRA. Group Employers with 20 or more employees are subject to Federal COBRA.

If you offer a self-funded or level-funded plan, it is important to note that some carriers do not abide by any state mandates, including state continuation; therefore, PA mini-COBRA does not need to be offered to your employees in the event they experience a QE. Contact your [FIFS Client Service Advisor](#) to confirm your obligations.

Employers' Top 10 COBRA Mistakes

#10 Assuming COBRA does not apply to you or your plan.

In general, federal COBRA applies to group health plans maintained by employers having 20 or more employees; mini-COBRA applies to employers with less than 20 employees. Employers must keep an accurate Full-time Equivalent (FTE) count of all employees. The count includes those under common control, full-time employees, and part-time employees. Being precise is imperative since part-time employees count as a fraction of your FTE count. This number will determine to which law you are subject.

Some employers mistakenly believe that federal COBRA does not apply to arrangements outside major medical coverage. In fact, the definition of a "group health plan" is broad enough to include, for example, some Health Reimbursement Arrangements (HRAs) offered by an employer. For purposes of COBRA, a group health plan includes any arrangement an employer establishes or maintains to provide employees or their families with medical care, including:

- Inpatient and outpatient hospital care,
- Physician care,
- Surgery and other major medical benefits,
- Prescription drugs, and
- Dental and vision care.

COBRA does not cover plans that provide only life insurance or disability benefits because they are not "medical care."

#9 – Forgetting about State Law.

Federal COBRA is not the only law your company needs to worry about for continuing coverage requirements. Many states have enacted what is commonly known as "mini-COBRA" laws, which typically require the continuation of group health plan coverage provided by employers with fewer than 20 employees. For more information on PA mini-COBRA click [here](#).

#8 Not knowing who is eligible for COBRA and when a QE occurred.

Employers and plan administrators should know who is entitled to COBRA coverage. Problems are likely to arise if not offering COBRA to an eligible person. Likewise, there will be problems if offering COBRA to someone not eligible to elect coverage.

A qualifying event triggers COBRA coverage for qualified beneficiaries. A qualifying event is a specified trigger event listed in the COBRA statute. It causes a loss of coverage under the plan and occurs within the maximum coverage period. A qualified beneficiary is generally the employee, current or former spouse(s)—including legally married same-sex spouse(s), and dependent child(ren).

Request the complete top 10 list [here](#).

Frequently Asked Questions

What is the best way to give a former employee a COBRA notice?

What is ARPA and how does it apply to me?

Who can answer other COBRA questions?

To see the answers to these and more questions regarding COBRA and Employee Benefits, [contact us today!](#)