

COBRA. What is it?

The Definition

COBRA is the Consolidated Omnibus Budget Reconciliation Act of 1985, a federal law that requires employers, with 20 employees or more, to offer continuing healthcare coverage to employees, and their spouses and dependents, who would otherwise lose their health benefits due to a qualifying event.

Who is Qualified?

Employers with 20 employees or more must offer COBRA benefits to qualified beneficiaries.

Beneficiaries include:

- Full & part-time employees, if they are participants in your plan on the day before the qualifying event
- Their spouses
- Their dependents
- Retirees (unless Medicare eligible and their plan terminates)
- Partners in a partnership

Coverage does not apply to ineligible employees.
Contact Medcom for questions regarding eligibility.

What is a Qualifying Event?

Events that trigger the offering of COBRA coverage are defined as qualifying events. Qualifying events are defined as:

- The termination of employment, unless released due to gross misconduct
- Reduction of covered employee's hours causing a loss of coverage*
- Covered employee or retiree's death*
- Divorce or legal separation from covered employee
- A dependent child ceases to be a dependent under the terms of the plan*
- The covered employee becomes entitled to Medicare and plan terminates coverage
- A covered retiree, or their spouse and/or dependents, lose coverage one year before or after the commencement of bankruptcy procedures for employer (retiree plans only)*

* Additional considerations and conditions may apply for the qualifying events. For more information, contact our customer support team.