COBRA Administration Flow Chart

Employee and/or any eligible family members enroll in the plan (i.e., initial eligibility, open enrollment, special enrollment)

Provide General Notice addressed to the plan participants within 90 days after coverage begins.

Qualifying Event Occurs

- Termination/reduction in hours
- Death of employee
- Entitlement to Medicare
- Chapter 11 bankruptcy

- Divorce
- Legal separation
- Loss of dependent status

Does individual notify Plan Administrator within the later of:
- 60 days of the date of the event,
- 60 days of the date coverage would have been lost, or
- 60 days from the date on which the QB is informed of his responsibility to provide notice to the Plan Administrator?

No

COBRA rights

No

Is the individual eligible for COBRA?

Yes

Plan Administrator must send a Notice of Unavailability within the same time period applicable to Election Notices.

No

Employer must notify Plan Administrator within 30 days of a) qualifying event or b) the date coverage would be lost as a result of the qualifying event, whichever is later.

Employer/Plan Administrator must send an election notice to QB within 44 days of receipt of the notice of a qualifying event.

Include HIPAA Certificate of Creditable Coverage.

Plan Administrator must send an election notice to QB within 14 days of receipt of the notice of a qualifying event.
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Did QB return election form within the later of:
- 60 days from date of notice
- 60 days from loss of coverage?

Yes

Was coverage taken/elected?

Yes

Continue COBRA coverage as applicable.

Conversion only (when applicable), Employer tells employee to notify carrier.

No

Cancel coverage. Effective date may be the date of the qualifying event or another date – depending upon employer’s plan (i.e., end of month following event or end of pay period following event)

No

No, coverage was waived. Person may revoke waiver during 60-day election period. If not revoked, cancel coverage as above. If waiver is revoked, provide COBRA coverage beginning on the date revocation was sent.

Has the initial premium been sent within 45 days of election (represents amount owed for coverage during election period)?

Length of COBRA Continuation Coverage:
- 18 months – termination/reduction in hours (employee, spouse, dependents)
- 36 months – death of employee, divorce, legal separation, employee’s entitlement to Medicare (spouse, dependents)
- 36 months – loss of dependent status (i.e., age/student) (dependents)
- Until death – bankruptcy of employer (retired employee, spouse, dependent)
Have to date monthly premiums been submitted within grace periods? Generally 30 days within due date but not sooner than 45-day initial grace period

- Yes
  - Continue to monitor timely premium payment requirement.

- No
  - Terminate COBRA
  - Send Notice of Early Termination as soon as practicable
  - Include information on conversion rights, if available
  - Issue HIPAA Certificate of Creditable Coverage

Will QB exhaust COBRA within 180 days?

- Yes
  - If conversion coverage is available to active employees, send notice to QB which explains right to conversion. Optional: Issue reminder of termination

- No
  - Continue to monitor timely premium payment requirement.

Did QB exhaust COBRA continuation coverage applicable to initial qualifying event? (i.e., 18 months or 36 months)

If conversion coverage is available to active employees, send notice to QB which explains right to conversion. Optional: Issue reminder of termination

- Yes
  - Has COBRA-qualified beneficiary experienced a second qualifying event that would extend COBRA coverage and QB provided Plan Administrator with notice in the time frame permitted?
    - Yes
      - Terminate COBRA
      - Include information on conversion rights, if available
      - Issue HIPAA Certificate of Creditable Coverage
    - No
      - Continue to monitor timely premium payment requirement.

- No
  - Continue to monitor timely premium payment requirement.

Did QB first become covered, after the date of election, under another group health plan that does not contain a pre-existing condition limitation or such limitation is satisfied pursuant to HIPAA’s creditable coverage provisions?

- Yes
  - Did QB first become covered by Medicare (Part A or B) after the date of the COBRA election?
    - Yes
      - Continue to monitor timely premium payment requirement.
    - No
      - Continue to monitor timely premium payment requirement.

- No
  - Did employer cease offering health insurance plans to all of its employees?
    - Yes
      - Terminate COBRA
      - Include information on conversion rights, if available
      - Issue HIPAA Certificate of Creditable Coverage
    - No
      - Continue to monitor timely premium payment requirement.
COBRA Flow Chart – Special Rules for Disabled Qualified Beneficiaries

If a QB is determined disabled by the Social Security Administration (SSA) as of the date of the qualifying event or within 60 days of the original qualifying event, all QBs within the family are entitled to a total of 29 months of COBRA continuation coverage.

The QB must notify the Plan Administrator within the original 18-month COBRA continuation period and within 60 days of the later of a) the date of the SSA’s determination, b) the date on which the qualifying event occurs, c) the date on which the QB would lose coverage under the plan, or d) the date on which the QB is informed of his responsibility to notify the Plan Administrator.

A QB is required to notify the Plan Administrator within 30 days of a SSA determination that the QB is no longer disabled. So long as the disabled QB is on the plan, the Plan Administrator may charge 150% of applicable premiums for months 19-29.

Source: United States Department of Labor

Federal COBRA applies to employers with 20 or more employees. This outline is provided as a courtesy to our clients. It is intended to summarize COBRA administration requirements. Please consult your attorney, the Department of Labor, the Department of the Treasury, or the Department of Health & Human Services for specific details.