

Celebrating 25 Years of COBRA

For twenty-five years, the continuation health coverage provisions of COBRA – the Consolidated Omnibus Budget Reconciliation Act – have given American workers and their families the opportunity to temporarily extend their group health coverage in instances where coverage would otherwise end.

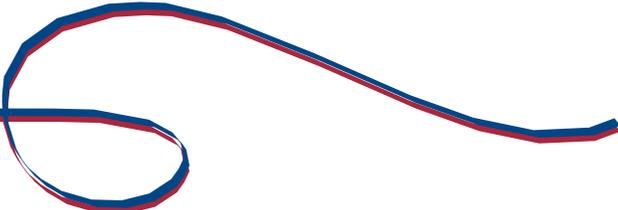
Prior to COBRA, workers and their dependents frequently experienced gaps in health care coverage. The enactment of COBRA changed that by requiring employers to offer continuation coverage under the employer's health plan to workers following certain work or life events including voluntary or involuntary job loss, reduction in hours worked, or death of, or divorce from, the covered employee. Under COBRA, a worker or family member can generally keep group health plan benefits for eighteen or thirty-six months, depending on the reason for the loss of health coverage. COBRA also gave those entitled to coverage specific notice and election rights, and placed a limit of 102% on the amount that could be charged for premium payments (the cost of coverage to the plan plus 2% for administrative expenses).

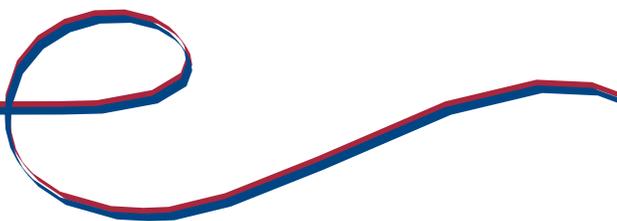
In the years since COBRA was signed into law, other laws have been enacted that coordinate with COBRA to increase protections for workers. One important example is the Health Insurance Portability and Accountability Act (HIPAA), which made it easier to change employers without losing health coverage for medical conditions, in part by limiting the ability of a new employer plan to exclude coverage for preexisting conditions. COBRA can be used to help workers eliminate or shorten future preexisting condition exclusion periods both by counting as prior health coverage and by avoiding a significant break in coverage.

Additional laws help workers pay for COBRA coverage. In 2002, workers who lost their jobs due to the effects of international trade became eligible for a tax credit covering 65% of COBRA premiums, and workers receiving trade adjustment assistance were provided a new opportunity to elect COBRA. In 2009, the American Recovery and Reinvestment Act (Recovery Act) increased the tax credit to 80% for a period of time.

The Recovery Act also provided a 65% subsidy to pay COBRA premiums to workers involuntarily terminated from employment. The subsidy applied to COBRA continuation health coverage that began between February 17, 2009 and May 31, 2010 and provided assistance for up to 15 months. According to an interim report issued by the U.S. Department of the Treasury, more than \$2 billion in premium assistance was provided as of April 2010.

The Department of Labor's Employee Benefits Security Administration (EBSA) had the responsibility to adjudicate appeals of denials of the subsidy by private employers. To date, EBSA has received and adjudicated nearly 24,000 appeals worth \$50 million dollars to workers and their families. Over 99% of the appeals were resolved within 15 business days.





Did you know?

Americans face issues continuing their health coverage every day. COBRA provides important protections, but you need to know your rights. For example, a woman from Illinois had COBRA coverage, but it was dropped after eighteen months. Because the woman was eligible to elect COBRA because of her divorce from the covered employee, she was entitled to thirty-six months of coverage instead of the eighteen provided. With the assistance of EBSA, her coverage was reinstated. She was also provided a refund from the employer plan because she had been charged a COBRA administration fee that was considerably greater than the 2% permitted under the law.

Another common issue involves the termination of a health plan due to the sale of the employer. One Texas worker found himself out of a job and he and his family without health coverage after his employer of 9 years went bankrupt. He contacted EBSA which found that his employer's assets were sold to a new company, who was required to offer COBRA continuation health coverage to the displaced worker and 37 of his former co-workers who were in the same situation. If you need assistance or have a question about your benefits rights, the Employee Benefits Security Administration is available to help. Call EBSA toll free at 1-866-444-3272 or send your inquiry [electronically](#).

Did you know?

The idea for COBRA originated with a grassroots organization, The Older Women's League (OWL), which was seeking to help women continue their health coverage after divorce or the death of a spouse. OWL chapters in Oakland, California and St. Louis, Missouri approached their Congressmen, Representatives Pete Stark and Bill Clay, who drafted the continuing coverage legislation that became COBRA.

Did you know?

COBRA is the most visited topic on EBSA's website and the most common subject of inquiries the agency receives. COBRA-related publications are among the most widely requested – last year, 189,000 English and Spanish language copies of publications on COBRA were distributed by EBSA.

Did you know?

COBRA applies to health plans of employers with 20 or more employees; however, many states have passed comparable provisions, or mini-COBRA laws, for smaller employers.

Did you know?

The Department of Labor's Health Benefits Education Campaign features many resources, including publications, frequently asked questions (FAQs), seminars, and webcasts. Information is available for [consumers](#) and for [employers](#).

