

What Is COBRA and Cal-COBRA?

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is federal law that extends your current group health insurance when you experience a qualifying event such as termination of employment or reduction of hours to part-time status. The extension period is 18 months and some people with special qualifying events may be eligible for a longer extension. To be eligible for COBRA, your group policy must be in force with 20 or more employees covered on more than 50 percent of its typical business days in the previous calendar year.

Indemnity policies, PPOs, HMOs, and self-insured plans are all eligible for COBRA extension; however, federal government employee plans and church plans are exempt from COBRA. Individual health insurance is also exempt from COBRA extension, which may be another reason to pursue participation in group health plans, if possible.

Cal-COBRA is California law that has similar provisions to federal COBRA. With Cal-COBRA the group policy must be in force with 2-19 employees covered on at least 50 percent of its working days during

- the preceding calendar year, or,
- the preceding calendar quarter, if the employer was not in business during any part of the preceding calendar year.

Eligibility for Cal-COBRA extends to indemnity policies, PPOs, and HMOs only. Self-insured plans are not eligible. Unlike COBRA, church plans are eligible under Cal-COBRA. It is important to note that both COBRA and Cal-COBRA do not apply to individual health insurance.

As of January 1, 2003, the extension period for Cal-COBRA has been changed from 18 months to 36 months. If you become eligible for Cal-COBRA after January 1, 2003, you will have the benefit of Cal-COBRA coverage for a full 36 months instead of the prior 18-month coverage extension. California Insurance Code (CIC) Section 10128.59 provides a similar extension under Cal-COBRA for those who have exhausted their 18 months on federal COBRA (or longer in special circumstances) for a total extension that cannot exceed 36 months. For the special Cal-COBRA extension to apply, you must have become eligible for COBRA after January 1, 2003, and the employer's master policy must be issued in California. If the group master policy is not issued in California, then the employer must employ 51% or more of its employees in California and have its principal place of business in California for their California employees to take advantage of Cal-COBRA.

COBRA is regulated by the DOL-EBSA, and Cal-COBRA is jointly regulated by the CDI and the DMHC depending upon what type of group coverage you have (indemnity or HMO). These agencies can provide further information on the time frames employers and insurance companies/health plans must follow to offer COBRA or Cal-COBRA extension coverage for eligible employees and their dependents. Also, information can be furnished on the actions and responsibilities required by employees to participate and elect continuation of benefits under COBRA or Cal-COBRA. When experiencing questions or problems with COBRA or Cal-COBRA, you can reach the appropriate state or federal agency by referencing the contact information available in the resources section of this brochure.

Important Points to Remember About COBRA and Cal-COBRA:

- COBRA is federal law that extends your current group health coverage after a qualifying event. Individual policies do not qualify for COBRA.
- COBRA law applies to group policies in force with 20 or more employees covered on more than 50 percent of its typical business days in the previous calendar year.
- Indemnity policies, HMOs, PPOs, and self-insured plans are COBRA eligible. Federal government employee plans and church plans are COBRA exempt.
- Cal-COBRA is California law that closely follows federal COBRA.
- Cal-COBRA law applies to group policies in force with 2-19 employees covered. Like COBRA, individual policies do not qualify for Cal-COBRA.
- Only indemnity policies, PPOs, HMOs, and church plans are Cal-COBRA eligible.
- You can contact the DOL-EBSA for questions regarding COBRA law.
- You can contact either the CDI (on indemnity policies) or the DMHC (on HMO/managed care plans) for questions regarding Cal-COBRA law.