



COBRA Texas

Comparison of Federal and Texas Continuation Laws

	FEDERAL (COBRA)	TEXAS
Covered Employers and Plan Coverage	<p>Group health plans maintained by private-sector employers with 20 or more employees, employee organizations, or state or local governments.</p> <p>Coverage must be identical to that available to similarly situated beneficiaries who are not receiving COBRA coverage under the plan (generally, the same coverage that the qualified beneficiary had immediately before qualifying for continuation coverage).</p>	<p>An insurer that provides group hospital, surgical or major medical expense coverage must provide continuation coverage if eligibility criteria is met. Dental, vision and prescription plans are not required to be included. Self-insured ERISA plans are not subject to state continuation coverage requirements.</p> <p>Does not apply to policies that provide only benefits for specified disease and accident expenses.</p>
Qualified Beneficiaries (Employee / Dependents)	<p>An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event.</p> <p>In certain cases, a retired employee, the retired employee's spouse and the retired employee's dependent children may be qualified beneficiaries.</p> <p>In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.</p> <p>Agents, independent contractors, and directors who participate in the group health plan may also be qualified beneficiaries.</p>	<p>Employees and dependents with at least three consecutive months of coverage prior to termination.</p> <p>A family member or dependent who has been a member of the group for at least one year (or an infant under one year of age), is eligible for 36 months of continued coverage for certain qualifying events.</p>
Continuation Period	<p>18 months - COBRA beneficiaries generally are eligible for group coverage during a maximum of 18 months for qualifying events due to employment termination or reduction of hours of work.</p> <p>29 months - Disability can extend the 18-month period of</p>	<p>Nine months (or six months, where COBRA eligible) – Eligible employees and dependents must be offered up to a nine-month continuation period. Where eligible for COBRA, eligible employees</p>

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	<p>continuation coverage for a qualifying event that is a termination of employment or reduction of hours. If certain requirements are met, the entire family qualifies for an additional 11 months of COBRA continuation coverage. Plans can charge 150% of the premium cost for the extended period of coverage.</p> <p>36 months - Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.</p> <p>36 months - Under COBRA, participants, covered spouses and dependent children may continue their plan coverage when they would otherwise lose coverage due to divorce (or legal separation) for a maximum of 36 months.</p>	<p>and dependents must be offered six months of state continuation coverage following COBRA.</p> <p>36 months – Eligible family members and dependents must be offered a 36-month continuation period if their coverage under the group policy would end due to severance of the family relationship or the retirement or death of the employee.</p>
<p>Qualifying Events</p>	<p>Qualifying Events for Employees:</p> <ul style="list-style-type: none"> • Voluntary or involuntary termination of employment for reasons other than gross misconduct (18 months) • Reduction in the number of hours of employment (18 months) <p>Qualifying Events for Spouses:</p> <ul style="list-style-type: none"> • Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct (18 months) • Reduction in the hours worked by the covered employee (18 months) • Covered employee's becoming entitled to Medicare (36 months) • Divorce or legal separation of the covered employee (36 months) • Death of the covered employee (36 months) <p>Qualifying Events for Dependent Children:</p> <ul style="list-style-type: none"> • Loss of dependent child status under the plan rules (36 months) • Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct (18 months) • Reduction in the hours worked by the covered employee (18 months) • Covered employee's becoming entitled to Medicare (36 months) • Divorce or legal separation of the covered employee (36 months) • Death of the covered employee (36 months) 	<p>Qualifying Events for Employees:</p> <ul style="list-style-type: none"> • Coverage ends for any reason other than involuntary termination of employment for cause. (Nine months) <p>Qualifying Events for Spouses:</p> <ul style="list-style-type: none"> • Coverage ends for any reason other than involuntary termination of employment for cause. (Nine months) • Termination of coverage due to severance of family relationship, such as divorce or legal separation (36 months) • Termination of coverage due to employee's retirement or death (36 months) <p>Qualifying Events for Dependent Children:</p> <ul style="list-style-type: none"> • Coverage ends for any reason other than involuntary termination of employment for cause. (Nine months) • Termination of coverage due to severance of family relationship, such as divorce or legal separation (36 months) • Termination of coverage due to employee's retirement or death (36 months)

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Eligibility	<p>To be eligible for COBRA coverage, must have been enrolled in employer's health plan before the qualifying event and health plan must continue to be in effect for active employees. COBRA continuation coverage is available upon the occurrence of a qualifying event that would, except for the COBRA continuation coverage, cause an individual to lose his or her health care coverage.</p>	<p>Eligibility is dependent upon whether the covered individual had been covered for at least three consecutive months prior to the termination of coverage.</p> <p>When the qualifying event is a severance of the family relationship or the employee's retirement or death, eligibility for the 36-month period of continuation depends on whether the family member has been a member of the group for a least one year. Infants under the age of one also qualify.</p>
Notice Requirements	<p>Health plan administrators must provide an initial general notice when group health coverage begins.</p> <p>When a qualifying event occurs, health plan administrators must provide an election notice regarding rights to COBRA continuation benefits to each qualifying beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>Employers must notify their plan administrators within 30 days after an employee's termination or after a reduction in hours that causes an employee to lose health benefits.</p> <p>The plan administrator must provide notice to individual employees of their right to elect COBRA coverage (election notice) within 14 days after the administrator has received notice from the employer.</p> <p>Employee must respond to this notice and elect COBRA coverage by the 60th day after the written notice is sent or the day health care coverage ceased, whichever is later. Otherwise, employee will lose all rights to COBRA benefits.</p> <p>Spouses and dependent children covered under such health plan have independent rights to elect COBRA coverage upon employee's termination or reduction in hours.</p>	<p>The individual must apply for continuation coverage within 60 days of the later of:</p> <ul style="list-style-type: none"> • Termination of group coverage; or • The date on which the notice of continuation rights was received. <p>Employers must provide a written notice to each covered individual that is affected by the termination of conversion or continuation privileges.</p> <p>A dependent must apply for continuation coverage within 60 days after the date of the severance of the family relationship or the retirement or death of the employee.</p>
Termination of Coverage	<p>Coverage begins on the date that coverage would otherwise have been lost by reason of a qualifying event and will end at the end of the maximum period. It may end earlier if:</p> <ul style="list-style-type: none"> • Premiums are not paid on a timely basis. • The employer ceases to maintain any group health plan. • After the COBRA election, coverage is obtained with another employer group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of the beneficiary. However, if other group health coverage is obtained prior to the COBRA election, COBRA coverage may not be discontinued, even if the other coverage 	<p>Coverage must be allowed to continue until the earliest of the following:</p> <ul style="list-style-type: none"> • The date coverage would end due to the individual's failure to pay required premiums; • The group policy terminates; • The individual becomes eligible for Medicare or similar benefits under another plan; or • The individual becomes eligible for coverage under a state or federal law other than COBRA.

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	<p>continues after the COBRA election.</p> <ul style="list-style-type: none"> • After the COBRA election, a beneficiary becomes entitled to Medicare benefits. However, if Medicare is obtained prior to COBRA election, COBRA coverage may not be discontinued, even if the other coverage continues after the COBRA election. 	<p>The coverage of a family member or dependent who obtains continuation coverage because of the severance of the family relationship, retirement or death of the employee must be allowed to continue until the earliest of the following:</p> <ul style="list-style-type: none"> • The dependent fails to make payment within required timeframe; • The dependent becomes eligible for similar benefits under another plan; or <p>The third anniversary (36 months) of the severance of the family relationship or the retirement or death of the employee.</p>
Conversion Rights	<p>Some plans allow participants and beneficiaries to convert group health coverage to an individual policy. If this option is generally available from the plan, a qualified beneficiary who pays for COBRA coverage must be given the option of converting to an individual policy at the end of the COBRA continuation coverage period. The option must be given to enroll in a conversion health plan within 180 days before COBRA coverage ends. The premium for a conversion policy may be more expensive than the premium of a group plan, and the conversion policy may provide a lower level of coverage. The conversion option, however, is not available if the beneficiary ends COBRA coverage before reaching the end of the maximum period of COBRA coverage.</p>	<p>Insurers may offer a conversion policy to each employee, member or dependent who is covered under a group accident and health insurance policy that is terminating (without evidence of insurability).</p>
Other		<p>Special rules apply to continuation coverage under Texas laws when loss of coverage is due to a labor dispute.</p>
Applicable Statutes	<p>IRC § 4980B, ERISA §601 <i>et seq.</i>, 29 CFR §§ 2590.606–1 through 2590.606–4.</p>	<p>Tex. Ins. Code Title 8, Subtitle B Chapter 1251, Subchapters F and G; Tex. Admin. Code Title 28</p>
Government Agency Contact	<p>Departments of Labor and Treasury (private sector plans) and Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the Department of Labor at: www.dol.gov/dol/topic/health-plans/cobra.htm.</p>	<p>Texas Department of Insurance</p>