

## COBRA versus COLORADO CONTINUATION/CONVERSION

COBRA	Colorado State Continuation/Conversion
The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that gives certain employees and their dependents the right to temporarily continue group health coverage in particular instances.	Colorado continuation and conversion were created by the Colorado Legislature to “fill the gaps” left by COBRA.
1. COBRA applies to employers with the equivalent of 20 or more employees on more than 50% of the typical business days in the previous calendar year.	1. Colorado Continuation/Conversion applies to employees of <u>any</u> employer group policy.
2. The COBRA continuation period ranges from a minimum of 18 months to a maximum of 36 months, depending on the qualifying event. It may be shortened if the employee enrolls in another employer plan of benefits, the employee becomes entitled to Medicare, or the employer ceases to sponsor a group health plan. If the employee elects not to enroll in a new employer plan, then the COBRA coverage may continue until the normal expiration of coverage.	2. Colorado Continuation may continue for a maximum period of 18 months or until the covered participant becomes eligible for other group coverage. If new group coverage excludes a condition covered under the continued plan, coverage under the prior employer’s plan may be continued for the 18 months or until the new plan covers the condition.
3. COBRA applies to all employers except church or religious affiliated employers. Self-funded plans are subject to COBRA. COBRA does <b>not</b> apply to health plans sponsored by the federal government., such as FEHBP, or certain church-related groups.	3. Colorado Continuation/Conversion applies to fully insured plans and HMOs only. Colorado law does <b>not</b> apply to self-funded plans.
4. Benefits match those of non-terminated employees, including dental, vision, and prescription benefits provided under separate contracts.	4. Benefits match those of non-terminated employees, including dental, vision, and prescription benefits provided under separate contracts.
5. Employers are not required to offer COBRA continuation coverage to employees terminated for “gross misconduct.”	5. When termination was due to “gross misconduct,” and employee and dependents are not eligible for COBRA, Colorado Continuation may be available and must be offered if all other requirements are met.
6. Dependents losing “dependent child status” under the plan’s rules, such as failure to maintain full-time status as a student or reaching the age constraints, are eligible for COBRA continuation coverage provided the plan is timely notified of the loss of dependent status.	6. Dependents losing “dependent child status” under the plan’s rules, such as failure to maintain full-time status as a student, or reaching the age constraints, are not eligible for Colorado Continuation, but may be eligible for conversion coverage.
7. COBRA is available regardless of how long the employee had been covered by the employer group plan. Employees typically need to be covered by the employer group health plan on the day before the qualifying event.	7. Continuation coverage is available if an employee has been continuously covered under the employer’s plan for six consecutive months. If covered for less than six months but more than three months, conversion is available. In the case of death or divorce, the employee <u>or dependent</u> is authorized continuation and, if necessary, conversion after 18 months of continuation coverage.
8. NOTIFICATION. The employer must notify the plan administrator of the participant’s qualifying event within 30 days. The plan administrator must then notify the participant of COBRA continuation rights within 14 days. If the employer and the plan administrator are one and the same, the employer has a total of 44 days to notify the participant. <b>Premiums</b> charged may be 100% of the total premium due the carrier plus an administrative charge not to exceed 2%. (COBRA participants receiving the 11-month disability extension under COBRA regulations may be charged up to 150% of the premium.)	8. NOTIFICATION. Within 10 days of termination, employer must send written notice to employee of right to continue. The notice must inform the employee of the amount the employee must pay monthly to the employer to retain coverage; how, where, and when payment is to be made; and the fact that loss of coverage will result if timely payment is not made to the employer.
9. ELECTION PERIOD. Employee/participant has 60 days from the date of the notice or the loss of coverage (whichever is later) to elect COBRA coverage, and 45 days from the date of COBRA election to pay the premium owed.	9. ELECTION PERIOD. Employee shall notify the employer, in writing, of their intent to continue coverage and submit premium payment to the employer within 30 days of termination. If the employer fails to notify the employee of the right to continue, the employee has the option of retaining coverage by making proper payment to the employer within 60 days of the date of termination.
10. Conversion may be available at the conclusion of COBRA continuation coverage, except for a self-funded benefit plan. In Colorado, conversion would be to the standard or basic health plan or to an individual plan under HIPAA.	10. Conversion is available at the conclusion of continuation, or upon termination of a small group policy, without evidence of insurability, to a standard or basic health plan or to an individual plan under HIPAA.
Authority: Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986, and Health Insurance Portability and Accountability Act of 1996 (HIPAA)	Authority: §10-16-108, Colorado Revised Statutes, and Health Insurance Portability and Accountability Act of 1996 (HIPAA)
For more information on COBRA, contact the regional office of the US Department of Labor, Kansas City, MO, (866) 444-3272.	For more information on Colorado Continuation or conversion coverage, contact the Colorado Division of Insurance, (303) 894-7499 or (800) 930-3745.