



Benefits Brief



COBRA Qualifying Events: What Triggers the Right to Continuation Coverage?

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Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), group health plans sponsored by employers that employ an average of 20 or more employees are required to offer continuation coverage in specific circumstances. While the requirements imposed by COBRA are varied and complex, one of the most important issues for employer-sponsors to understand is what triggers the right to continuation coverage. One of these triggers, known as qualifying events, must occur in order for an individual to have rights to continued coverage under the health plan.

Six Qualifying Events

To be considered a qualifying event, the event must be one that is specified under COBRA and that causes the covered employee, spouse, or dependent to lose group health plan coverage. This means that the employee, spouse, or dependent must be enrolled in the group health plan at the time the event occurs, and the event must cause an involuntary loss of coverage.

There are six qualifying events recognized under COBRA:

(1) Termination of Employment

The termination of an employee's employment is a qualifying event for the covered employee, as well as for the covered spouse and dependents. The termination of employment may be voluntary or involuntary.

(2) Reduction of Hours

A reduction of hours is a qualifying event for the covered employee, spouse, and dependents. Typically, a reduction in hours will occur when an employee goes from a full-time to a part-time position, or when an employee goes on a leave of absence.

(3) Divorce or Legal Separation

The dissolution of a marriage granted by divorce decree, or the granting of a legal separation, is a qualifying event for the (former) spouse who loses coverage under the health plan.

(4) Death of the Covered Employee

The death of a covered employee is a qualifying event for a covered spouse and dependents.

(5) Dependent Child's Ceasing to be a Dependent

A covered dependent's ceasing to be a dependent under the terms of the plan is a qualifying event for that dependent. Often, a dependent will cease to be an eligible dependent under the terms of the plan when he/she attains age 26.

(6) Entitlement to Medicare

A covered employee's entitlement to – or enrollment in – Medicare is a qualifying event for the covered spouse and dependents. Note, however, that under the terms of most group health plans, an employee's enrollment in Medicare will not result in a loss of coverage. Where the employee chooses to drop group health plan coverage in favor of Medicare, a qualifying event will not occur.

Employer Action

Employer-sponsors subject to COBRA should be able to distinguish between a qualifying event that triggers continuation coverage rights and other events that may result in a loss of coverage but that are not recognized under COBRA. The occurrence of a qualifying event will require the employer-sponsor to take prescribed action, including the timely distribution of an Election Notice. Thus, the accurate identification of a qualifying event is one of the first steps an employer-sponsor can take to ensure compliance with COBRA.

ADDITIONAL RESOURCES

[An Employer's Guide to Group Health Continuation Coverage under COBRA](#)

Source: U.S. Department of Labor