



COBRA

ARKANSAS

Comparison of Federal and Arkansas Continuation Laws

	FEDERAL (COBRA)	ARKANSAS
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 the coverage 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>Each group accident and health plan that provides hospital, surgical or major medical benefits (not including accident only or specified disease policies) must provide continuation coverage to the employee, the employee's spouse and any dependent children of the employee following termination of employment or membership, or change in marital status. Does not apply to self-insured plans.</p> <p>Coverage need not include benefits for dental care, vision services or prescription drug expenses.</p> <p>A group accident and health plan may choose, but is <i>not</i> required, to provide continuation benefits for an employee's family or dependents after the employee's death.</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>Certificate holder, member or spouse and eligible dependents whose coverage under the policy would otherwise terminate due to a qualifying event, and who have been insured continuously under the group policy during the three-month period prior to the qualifying event.</p> <p>If notice and certification requirements are met, a dependent child is eligible for group coverage past the limiting age (so long as the employee's coverage remains in force and the dependent remains incapacitated) if the dependent is:</p> <ul style="list-style-type: none"> • Unmarried;

		<ul style="list-style-type: none"> • Incapable of sustaining employment by reason of mental retardation or physical disability (if the dependent became incapacitated prior to the age of 19); and • Chiefly dependent upon the employee for support and maintenance.
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 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>	120 days
Qualifying Events	<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 	<p>Qualifying Events for Employees:</p> <ul style="list-style-type: none"> • Termination of employment or membership (120 days) <p>Qualifying Events for Spouses and Dependent Children:</p> <ul style="list-style-type: none"> • Termination of employment or membership (120 days) • Change in marital status (120 days) • Death of employee (optional)

	<p>Medicare (36 months)</p> <ul style="list-style-type: none"> • 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) 	
Eligibility	<p>To be eligible for COBRA coverage, must have been enrolled in employer's health plan when employed 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>Certificate holder, member or spouse and eligible dependents whose coverage under the policy would otherwise terminate due to a qualifying event, and who have been insured continuously under the group policy during the three-month period prior to the qualifying event.</p> <p>Continuation coverage is <i>not</i> available to an individual who is eligible for:</p> <ul style="list-style-type: none"> • Federal Medicare coverage; or • Full coverage under any other group accident and health policy/contract which provides benefits for all preexisting conditions.
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</p>	<p>An individual who wishes to continue coverage must request continuation in writing no later than 10 days after the termination of employment or membership, or the change in marital status.</p>

	<p>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>	
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 continues after the COBRA election. • 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>Continuation of coverage shall end upon the earliest of:</p> <ul style="list-style-type: none"> • 120 days after continuation coverage began; • The end of the period for which the individual made a timely contribution; • The contribution due date following the date the individual becomes eligible for Medicare; or • The date the policy is terminated/group withdraws from plan (unless policy is replaced).
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</p>	<p>At the termination of the continued coverage, an employee, member or covered dependent must be offered the conversion policy under the group policy (unless</p>

	<p>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>termination was result of failure to pay contribution or policy is replaced within 31 days with a similar policy).</p> <p>Individuals who choose to use conversion privilege may do so under group policy, and thereby waive their right to continuation of coverage.</p> <p>An individual must apply for the conversion policy in writing not later than 30 days after termination of group coverage.</p> <p>Insurer is not required to offer conversion policy to any individual eligible for Medicare or other full group coverage which provides benefits for preexisting conditions.</p>
Other		<p>Hospital Confinement - Any person insured under group policy and hospitalized on the date of termination of coverage must continue to receive benefits under the group policy (until confinement ends or hospital benefits are exhausted), if group policy is terminated and replaced by policy from another insurer or self-funded health care plan.</p> <p>Replacement Coverage: If group (including self-funded) covers more than 15 members, every plan providing replacement coverage within a period of 60 days from discontinuance of prior plan must immediately cover all employees and dependents, if certain statutory conditions met.</p>
Applicable Statutes	IRC § 4980B, ERISA § 601 <i>et seq.</i>	Arkansas Stats. Ann. §§ 23-86-108, 23-86-109, 23-86-114, 23-86-115, 23-86-116
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:</p> <p>www.dol.gov/dol/topic/health-plans/cobra.htm.</p>	<p>Arkansas Insurance Department</p> <p>(800) 282-9134</p>

This Chart is provided to you for general informational purposes only. It broadly summarizes state and federal statutes, but does not include references to other legal resources (e.g., supporting regulations, or formal or informal opinions of state offices of commissioners of insurance) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plans.

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