



# CLIENT INFORMATION GUIDE

**Section:** Benefits

**Topic:** COBRA

---

It is important to notify Choice immediately when an employee terminates service with your company. One reason is that, by law, employees may be entitled to extended health coverage through your group benefit plan.

The determination as to whether or not your group benefit plan is governed by COBRA regulations depends upon the size of the employment group. To qualify, the employer must have 20 or more employees.

If eligible, the work site employee must be notified promptly of his or her rights in order to meet legal requirements and avoid lapses in coverage. COBRA allows terminating employees and/or their dependent family members to continue group medical coverage for a period of 18 to 36 months if they lose benefits.

Benefits may be continued for up to 18 months if the reason for the loss of benefits is because:

- Employment is terminated (voluntarily or involuntarily)
- Hours of employment are reduced to the point that employees are ineligible for coverage

Benefits may be continued for up to 29 months if the reason for the loss of benefits is because:

- An employee becomes disabled (as defined by U.S. Social Security law) and cannot work

Benefits may be continued for up to 36 months if the reason for the loss of benefits is because:

- The employee's death
- Divorce or legal separation
- An employee becomes eligible for Medicare
- Loss of coverage after the bankruptcy of a retired employee's employer
- A dependent child becomes ineligible under the plan

The employee or family pays the full cost of any extended coverage elected, plus an administrative fee of 2 %.

If you are uncertain as to whether or not your benefit plan is governed by COBRA regulations, please contact your Service representative or your benefits representative.