



COBRA

KENTUCKY EMPLOYEES' HEALTH PLAN


What is COBRA (Consolidated Omnibus Budget Reconciliation Act of 1986)?

- ❖ COBRA is a federal law that requires all employers to provide continuation of medical coverage at group rates in certain instances where there is a loss of group insurance coverage
- ❖ COBRA contains provisions giving former employees, spouses, former spouses and dependent children the right to temporarily continue health coverage at group rates
- ❖ This coverage is only available when coverage is lost due to certain specific COBRA Qualifying Events

Who is entitled to benefits under COBRA?

- ❖ A qualified beneficiary is an individual covered by a group health plan on the day before a COBRA qualifying event occurs who is either an employee, employee's spouse, or an employee's dependent child
- ❖ The COBRA qualifying events for employees are:
 - Voluntary or involuntary termination of employment for reasons other than gross misconduct
 - Reduction in the number of hours of employment (that results in benefits termination)
 - Transfer to an external employer

- ❖ The COBRA qualifying events for spouses are:
 - Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
 - Reduction in the hours worked by the covered employee (that results in benefits termination)
 - Covered employee's becoming entitled to Medicare
 - Divorce or legal separation from the covered employee
 - Death of the covered employee

 - ❖ The qualifying events for dependent children are the same as for the spouse with one addition:
 - Loss of dependent child status under the plan rules
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Who administers COBRA coverage?

- ❖ Wage Works is the third party administrator for COBRA benefits for the Kentucky Employees' Health Plan
- ❖ Insurance Coordinators/HRG's must enter **loss of eligibility** events (**terminations, QEs, etc.**) into KHRIS, and KHRIS will notify Wage Works of any COBRA qualifying events



Do I need access to WageWorks website?

- ❖ No, Sherry Davis is our WageWorks liaison for KEHP
- ❖ If you have any questions about COBRA coverage through WageWorks, please contact Sherry at 502-564-5612 or sherryj.davis@ky.gov

Timeframe for COBRA

- ❖ Employers (through their ICs/HRGs) must notify the plan's COBRA administrator (WageWorks) within **30 days** after a COBRA Qualifying Event occurs
- ❖ The plan administrator (Wage Works) must send the election within **14 days** to the qualified beneficiary (i.e. planholder or dependent) after receiving the information via file from KHRIS
- ❖ The qualified beneficiary has **60 days** to elect COBRA and an additional **45 days** to make the first payment

COBRA Compliance

- ❖ COBRA Notification is a federal requirement
- ❖ Every IC/HRG is responsible for entering events into **KHRIS** which generates an offer of COBRA when members experience a loss of coverage
- ❖ Information is available on the KEHP website at **kehp.ky.gov**



IC/HRG Best Practices

- ❖ Terminate employee in KHRIS – KHRIS then sends file to Wage Works
- ❖ Send in a Qualifying Event to EIB – EIB enters into KHRIS which sends file to Wage Works
- ❖ When in doubt – ASK – Contact **Sherry Davis**

What happens if a qualified beneficiary is not offered COBRA?

- ❖ Failure to provide timely and accurate election notices can result in penalties to the employer from DOL and the IRS. Penalties to the **EMPLOYER** can range from monetary fines from the federal government to actual claim costs for members who were not provided COBRA notice. This penalty could be in addition to any attorney's fees and court costs. **It is important to enter the information into KHRIS in a timely manner to avoid penalties**