HR Q&A Legal Compliance

Courtesy of Meridian Benefits Consulting

Q When can COBRA be terminated?

A An individual's rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA) can be terminated before the maximum coverage period ends (for example, after 18, 29 or 36 months) if:

- COBRA premiums are not made in a timely manner;
- The employer ceases to provide a health plan to any employee;
- After electing COBRA continuation coverage, the qualified beneficiary first becomes covered under any other health plan that does not contain a pre-existing condition limitation, or where the plan's pre-existing condition limitation is satisfied as a result of the application of creditable coverage as required by the Health Insurance Portability and Accountability Act (HIPAA);
- After electing COBRA continuation coverage, the qualified beneficiary first becomes entitled to Medicare (Part A or B);
- The Social Security Administration determines that the qualified beneficiary is no longer disabled, provided that a qualified beneficiary has received at least 18 months of COBRA continuation coverage; or
- Where an individual is covered under COBRA but is not a qualified beneficiary, that individual loses coverage when the qualified beneficiary is no longer covered under COBRA.

A health plan may also terminate a qualified beneficiary's COBRA continuation coverage on the same basis that the plan terminates the coverage of similarly situated non-COBRA qualified beneficiaries. For example, if a health plan terminated the coverage of an active employee for the submission of a fraudulent claim, then a qualified beneficiary's COBRA continuation coverage may be terminated for the same reason.

COBRA may be terminated when a qualified beneficiary first becomes entitled to Medicare (Part A or B) after the date of his or her COBRA election. For purposes of COBRA, Medicare entitlement means that the qualified beneficiary is enrolled in Medicare Part A or B. When an individual applies for Social Security upon retirement, enrollment in Medicare Part A is automatic.

A plan administrator may terminate COBRA even when the other health plan is not as comprehensive as the existing employer's plan. For example, the qualified beneficiary has elected to continue coverage under the medical and dental plans. Later, the qualified beneficiary becomes covered under his or her new employer's benefit plan, but the new employer does not offer dental coverage. In this case, the qualified beneficiary's coverage under the former employer's medical and dental plans may be terminated.