

Early Termination

A group health plan may terminate continuation coverage earlier than the end of the maximum period for any of the following reasons:

- Premiums are not paid in full on a timely basis,
- The employer ceases to maintain any group health plan,
- A qualified beneficiary begins coverage under another group health plan after electing continuation coverage,
- A qualified beneficiary becomes entitled to Medicare benefits after electing continuation coverage, or
- A qualified beneficiary engages in fraud or other conduct that would justify terminating coverage of a similarly situated participant or beneficiary not receiving continuation coverage.

If continuation coverage is terminated early, the plan must provide the qualified beneficiary with an early termination notice. (See “COBRA Notice and Election Procedures” on page 4.)

Extension of an 18-month Period of Continuation Coverage

There are two circumstances under which individuals entitled to an 18-month maximum period of continuation coverage can become entitled to an extension of that maximum period. The first is when one of the qualified beneficiaries is disabled; the second is when a second qualifying event occurs.

Disability

If one of the qualified beneficiaries in a family is disabled and meets certain requirements, all of the qualified beneficiaries in that family are entitled to an 11-month extension of the maximum period of continuation coverage (for a total maximum period of **29 months** of continuation coverage). The plan can charge qualified beneficiaries an increased premium, up to 150 percent of the cost of coverage, during the 11-month disability extension.

The requirements are, first, that the Social Security Administration (SSA) determines that the qualified beneficiary is disabled before the 60th day of continuation coverage and, second, that the disability continues during the rest of the initial 18-month period of continuation coverage.

The disabled qualified beneficiary (or another person on his or her behalf) also must notify the plan of the SSA determination. The plan can set a time limit for providing this notice of disability, but the time limit cannot be shorter than 60 days, starting from the latest of:

- The date SSA issues the disability determination,
- The date the qualifying event occurs,
- The date the qualified beneficiary loses (or would lose) coverage under the plan as a result of the qualifying event, or
- The date the qualified beneficiary is informed, through the furnishing of either the SPD or the COBRA general notice, of the responsibility to notify the plan and the procedures for doing so.

The right to the disability extension may be terminated if SSA determines that the qualified beneficiary is no longer disabled. The plan can require disabled qualified beneficiaries to provide

notice when such a determination is made. The plan must give the qualified beneficiaries at least 30 days after the SSA determination to provide such notice.

The rules for how to give a disability notice and a notice of no longer being disabled should be described in the plan's SPD (and in the election notice for any offer of an 18-month period of continuation coverage).

Second Qualifying Event

An 18-month extension may be available to qualified beneficiaries receiving an 18-month maximum period of continuation coverage (giving a total maximum period of **36 months** of continuation coverage) if the qualified beneficiaries experience a second qualifying event, for example, death of the covered employee, divorce or legal separation of the covered employee and spouse, Medicare entitlement (in certain circumstances), or loss of dependent child status under the plan. The second event can be a second qualifying event only if it would have caused the qualified beneficiary to lose coverage under the plan in the absence of the first qualifying event.

The plan must have procedures for how a qualified beneficiary should provide notice of a second qualifying event. These rules should be described in the plan's SPD (and in the election notice for any offer of an 18-month period of continuation coverage). The plan can set a time limit for providing this notice, but the time limit cannot be shorter than 60 days from the latest of:

- The date on which the qualifying event occurs,
- The date on which the qualified beneficiary loses (or would lose) coverage under the plan as a result of the qualifying event, or
- The date on which the qualified beneficiary is informed, through the furnishing of either the SPD or the COBRA general notice, of the responsibility to notify the plan and the procedures for doing so.

Summary of Qualifying Events, Qualified Beneficiaries, and Maximum Periods of Continuation Coverage

The following chart shows the maximum period for which continuation coverage must be offered for the specific qualifying events and the qualified beneficiaries who are entitled to elect continuation coverage when the specific event occurs. **Note that an event is a qualifying event only if it causes the qualified beneficiary to lose coverage under the plan.**

QUALIFYING EVENT	QUALIFIED BENEFICIARIES	MAXIMUM PERIOD OF CONTINUATION COVERAGE
Termination (for reasons other than gross misconduct) or reduction in hours of employment	Employee Spouse Dependent Child	18 months ³
Employee enrollment in Medicare	Spouse Dependent Child	36 months ⁴
Divorce or legal separation	Spouse Dependent Child	36 months
Death of employee	Spouse Dependent Child	36 months
Loss of “dependent child” status under the plan	Dependent Child	36 months

Paying for Continuation Coverage

Group health plans can require qualified beneficiaries to pay for COBRA continuation coverage, although plans can choose to provide continuation coverage at reduced or no cost. The maximum amount charged to qualified beneficiaries cannot exceed 102 percent of the cost to the plan for similarly situated individuals covered under the plan who have not incurred a qualifying event. In calculating premiums for continuation coverage, a plan can include the costs paid by both the employee and the employer, plus an additional 2 percent for administrative costs. For qualified beneficiaries receiving the 11-month disability extension of continuation coverage, the premium for those additional months may be increased to 150 percent of the plan’s total cost of coverage.

Plans may increase COBRA premiums for qualified beneficiaries if the cost to the plan increases, but generally plans must fix premiums before each 12-month premium cycle. The plan must allow qualified beneficiaries to pay the required premiums on a monthly basis if they ask to do so, and may allow payments at other intervals (for example, weekly or quarterly). The COBRA election notice should describe all of the necessary information about COBRA premiums, when they are due, and the consequences of payment and nonpayment.

Plans cannot require qualified beneficiaries to pay a premium when they make the COBRA election. Plans must provide at least 45 days after the election (that is, the date the qualified beneficiary mails the election form if using first-class mail) for making an initial premium payment. If a qualified beneficiary fails to make any payment before the end of the initial 45-day period, the plan can terminate the qualified beneficiary’s COBRA rights. The plan should establish due dates for any premiums for subsequent periods of coverage, but it must provide a minimum 30-day grace period for each payment.

³ In certain circumstances, qualified beneficiaries entitled to 18 months of continuation coverage may become entitled to a disability extension of an additional 11 months (for a total maximum of 29 months) or an extension of an additional 18 months due to the occurrence of a second qualifying event (for a total maximum of 36 months). (See “Duration of Continuation Coverage” on page 8.)

⁴ The actual period of continuation coverage may vary depending on factors such as whether the Medicare entitlement occurred prior to or after the end of the covered employee’s employment or reduction in hours. For more information, see “Duration of Continuation Coverage” on page 8 or contact the Department of Labor’s [Employee Benefits Security Administration](#) or call toll-free at 1-866-444-3272.