Welcome! We will begin at 3 p.m. ET.

There will be no sound until we begin the webinar.

Thank you to the following Assurex Global Partners for sponsoring this event:

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Collier Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Gibson Insurance Agency
- Henderson Brothers, Inc.
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- The Mahoney Group
- The MJ Companies
- Oswald Companies
- The Partners Group
- The Plexus Groupe
- R&R Insurance
- RCM&D
- Scott Insurance
- Snellings Walters
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- Unison Risk Advisors
- WA Group
- Wells Insurance

Assurex GLOBAL

Assurex Global in Numbers

32K+ Employees

100+ Partner Firms

$50B Annual Premium

$5.6B Annual Revenue

750+ Partner Offices

175 Countries

Federal & State COBRA

Presented by Lumelight

October 2026

Thank you to the following Assurex Global Partners for sponsoring today's webinar

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Collier Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Gibson Insurance Agency
- Henderson Brothers, Inc.
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- The Mahoney Group
- The MJ Companies
- Oswald Companies
- The Partners Group
- The Plexus Groupe
- R&R Insurance
- RCM&D
- Scott Insurance
- Snellings Walters
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- Unison Risk Advisors
- WA Group
- Wells Insurance

= Assurex Global territories
= Non-Assurex Global agreement territories
= Sanctioned territories (Iran, North Korea & Russia)

Assurex Global is an exclusive partnership of the most prominent independent insurance agents, brokers, and technical specialists in the world.

Assurex GLOBAL

Federal-level Continuation Requirements

Assurex GLOBAL

What is COBRA?

"COBRA" is an acronym for a federal law called the Consolidated Omnibus Budget Reconciliation Act.

- COBRA requires certain employers and unions to offer temporary ***continuation of group health coverage*** to employees and their families who ***lose health coverage*** due to certain ***life events***.

Assurex GLOBAL

COBRA Applicable Employers

COBRA generally applies to private-sector group health plans maintained by employers **with at least 20 employees on more than 50 percent of their typical business days** in the previous calendar year.

- COBRA also applies to plans sponsored by state and local governments.
- The law does not apply to plans sponsored by the federal government or by churches and certain church-related organizations.

Assurex GLOBAL

What is a Group Health Plan?

The term “**group health plan**” means an employee welfare benefit plan providing “**medical care**” (as defined in IRC Section 213(d)) to participants or beneficiaries directly or through insurance, reimbursement, or otherwise.

Types of Plans That ARE Group Health Plans

- Self-funded Group Health Plans
- Fully Insured Group Health Plans
- Vision Plans
- Prescription Drug Plans
- Health Flexible Spending Accounts
- Health Reimbursement Arrangements
- On-site Clinics
- Dental Plans
- EAPs that Provide Medical Care
- Wellness Plans that Provide Medical Care

Assurex GLOBAL

Types of Plans That ARE NOT Group Health Plans

- HSAs and Archer MSAs
- Long Term Care Plans
- Accidental Death & Dismemberment Plans
- Group Term Life Insurance Plans
- Long- and Short-Term Disability Plans
- Exercise & Fitness Centers & Programs
- On-site First Aid Facilities
- Employee Discount Programs (Employer Merchandise)
- Hospital & Other Indeminty Plans
- Union Pays Premium for COBRA Coverage Under Employer's Plan

Assurex GLOBAL

COBRA Qualified Beneficiaries

QBs are individuals covered by a group health plan on the day before a qualifying event.

QBs include:

- The covered employee.
- The covered employee's spouse or former spouse.
- The covered employee's dependent children.

In certain cases, other individuals may be considered QBs, including:

- Retired employees, their spouses or former spouses, and dependent children if their employer sponsoring the group health plan declares bankruptcy.
- Any child born to or placed for adoption with a covered employee during the COBRA coverage period.
- Employer's agents, independent contractors, and directors who were covered under the employer's group health plan.
- People enrolled in COBRA who are not QBs (subsequent enrollment dependents and domestic partners) may not maintain COBRA independently.

Individual Election Rights & Quality of Coverage

Each QB has an independent right to elect continuation coverage.

- For example, if an employee, spouse, and dependent children all become QBs due to the same qualifying event, **each may separately decide whether to elect coverage**.
- Plans must allow covered employees or their spouses to elect continuation coverage on behalf of all other QBs for the same qualifying event.
- A parent or legal guardian of a qualified beneficiary **can elect coverage on behalf of the minor child**.
- If QBs waive continuation coverage during the election period, **they may later revoke the waiver and elect coverage** if done prior to expiration of the election period.

Quality of Coverage

- Continuation coverage **must be identical** to the coverage currently available under the plan to similarly situated individuals who are not receiving COBRA.
- Continuation coverage includes the **same benefits, options, and services** that the QB had before the qualifying event.
- If the plan changes its terms for similarly situated active employees and their families, **those changes also apply to COBRA QBs**.
- Open enrollment election period is open to all QBs, except that **domestic partner enrollment is conditioned on the employee's enrollment**.

COBRA Qualifying Events

COBRA Qualifying Events (QEs) are certain events that cause an individual to lose health coverage under a group health plan.

- The type of QE will determine who the QBs are and how long a plan must offer continuation coverage.
- There are two groups of QEs:
  - Events for employees; and
  - Events for spouses and dependents.

Qualifying Events for Employees & Dependents

- Termination of employment for any reason other than gross misconduct, or
- Reduction in work hours.

Qualifying Events for Spouses & Dependents Only

- Divorce or legal separation from the covered employee.
- Death of the covered employee.
- A covered employee's dependent child qualifies for COBRA if they lose coverage due to losing dependent child status under the plan (*only ACA-qualifying plans*).
- In limited situations, if the covered employee becomes entitled to Medicare.

COBRA Maximum Coverage Periods

The following chart shows the maximum period of continuation coverage, based on the type of QE and the QBs eligible for coverage:*

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** QBs 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 QE (for a total maximum of 36 months).
Employee enrollment in Medicare	• **Spouse** • **Dependent Child**	**36 months** The actual period of continuation coverage may vary depending on factors such as whether the Medicare entitlement occurred prior to (*ends at age 65*) or after the end (*ends at Medicare Part B enrollment*) of the covered employee's employment or reduction in hours.
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**

***Note that an event is a QE only if it causes the QB to lose coverage under the plan.**

Assurex GLOBAL

When May COBRA Terminate Before the Maximum Coverage Period Ends?

- COBRA coverage **may terminate before expiration of the maximum coverage period** upon the occurrence of certain events.
- QBs whose coverage has ended because of an early termination event **lose their status as QBs**.
- Plan administrators are required to provide a **notice of termination** to any QB whose coverage is terminated before the expiration of the maximum coverage period.

1. Failure to Pay COBRA Premium on Time
2. Employer Ceases to Provide Any Group Health Plan
3. Because of Other Group Health Plan Coverage
4. Because of Medicare Entitlement
5. Qualified Beneficiary in Disability Extension Found Not Disabled
6. Termination for Cause

Assurex GLOBAL

When is a QB eligible for disability extension?

- The Social Security Administration (SSA) determines that the QB is disabled,
- This determination is made before the 60th day of continuation coverage, and
- The disability continues through the initial 18-month period of continuation coverage.
- The right to the disability extension may be terminated if SSA determines that the QB is no longer disabled.
- To receive a disability extension, QBs (or someone on their behalf) must notify the plan of the SSA determination.
- The plan can set a deadline for this notice, but it cannot be shorter than 60 days
- If a QB in a family is disabled and meets certain requirements, all QBs in that family can receive an 11-month extension of COBRA coverage (up to 29 months).
- During this 11-month disability extension, the plan may charge QBs a higher premium, up to 150 percent of the cost of coverage, while the disabled beneficiary remains covered.

Second Qualifying Event

QBs receiving the initial 18 months of continuation coverage may be eligible for an 18-month extension (up to a total of 36 months of coverage), if they experience a second QE.

- Examples of second QEs include:
  - Death of the covered employee.
  - Divorce or legal separation of the covered employee and spouse.
  - The covered employee becomes entitled to Medicare (in certain circumstances).
  - Loss of dependent child status under the plan.

- The second QE only qualifies if it would have caused the QB **to lose coverage under the plan had the first QE not occurred**.
- The plan must have **procedures for how QBs should provide notice** of a second QE (which should be included in the plan's SPD and in the election notice for any 18-month coverage offer).
- The plan may set a **deadline for providing notice**, but it must allow at least 60 days, starting from the latest of:
  - The date the QE occurs,
  - The date the QB loses (or would lose) coverage under the plan due to the QE, or
  - The date the QB is informed, through either the SPD or the COBRA general notice, of the responsibility to notify the plan and the procedures for doing so.

Paying for COBRA Coverage

The maximum amount charged to QBs cannot exceed 102% of the total cost to the plan for similarly situated individuals covered under the plan who have not experienced a QE.

- When calculating premiums for continuation coverage, a plan can include both the employee and the employer contributions, plus an additional two percent.
- Plans may increase COBRA premiums for QBs if the plan's costs increase, but only once during each 12-month period.

Assurex GLOBAL

Calculating COBRA Premiums

The standard federal COBRA formula

- COBRA premiums are generally calculated as the full plan cost (employee + employer shares) plus an administrative fee, with caps at 102% for standard coverage and up to 150% during certain disability extensions.
- Under federal COBRA rules, the monthly COBRA premium is:
    - **[Monthly COBRA Cost = (Employee Share + Employer Share) × (1 + Administrative Rate)]**

Full Plan Cost

- Employee’s monthly premium + employer’s monthly contribution

Administrative Rate

- Up to 2% for standard coverage; up to 50% during an 11-month disability extension

Premium Cap

- 102% of full plan cost for standard coverage; 150% for disability extensions if QB is enrolled

Example

- If employee share = $200, employer share = $600, and admin fee = 2%:
- Full plan cost = $800
- COBRA cost = $800 × 1.02 = $816/month

Assurex GLOBAL

Calculating COBRA Premiums for Self-funded Plans

For self-funded plans, the “cost to the plan” is not the employer’s annual contribution but the actual cost to participants. Two methods are allowed under §4980B(f)(B):

Method One: Past Cost Method

An actuarial estimate of the plan’s cost, considering factors the Treasury may prescribe. Used for first-year HRAs, level funded plans (taking rebates into consideration), or after significant plan changes.

Method Two: Reasonable Actuarial Estimate Method

The plan’s cost during the preceding determination period, adjusted for GDP price changes. Not allowed for first-year HRAs or after major design changes.

- Cannot be based on the plan’s maximum exposure.
- Also, will not work for level funded plans (carrier provides maximum liability rather than actual cost).

Special COBRA Circumstances

- **Calculation of COBRA premiums for an HRA** (use historical utilization to calculate the premium).
- **Domestic Partners** (do not have independent COBRA rights but may continue coverage as dependents under an employee's COBRA policy – *if plan allows it*).
- **Retirees and COBRA** (if employer provides retiree coverage, COBRA rights may be affected based on the date active coverage is considered lost, as well as certain COB issues).
- **COBRA in the Business Transactions Context** (COBRA rules determine who – the buyer or the seller – must continue group health coverage for certain employees and their dependents after a business reorganization).
- **Medicare and COBRA** (impact of Medicare on COBRA coverage period; eligibility vs. entitlement to Medicare; Medicare as qualifying event; COBRA is not creditable coverage for purposes of Medicare Part B; etc.)

Understanding COBRA Notice Requirements

- COBRA requires group health plans to provide specific notices to covered employees and their families.
- These notices must explain their rights under COBRA, how to elect COBRA continuation coverage, and when that coverage can end.

Assurex GLOBAL

COBRA Notices & Timelines

COBRA Notice	Who Provides It	Recipient	Timing
1. General/Initial Notice	Plan administrator	Covered employee and spouse	Within 90 days after coverage begins
2. Employee/QB Notice of QE	Employee or QB	Plan administrator	At least 60 days to notify the plan
3. Employer Notice of QE to Administrator	Employer	Plan administrator/COBRA administrator	Within 30 days
4. Election Notice	Plan administrator	Each QB	Within 14 days after the plan receives notice of the qualifying event. If the employer is also the plan administrator, the combined period is generally 44 days
5. Notice of Unavailability	Plan administrator	Person who requested COBRA extension but is determined ineligible	Within 14 days after receiving the qualifying-event/extension notice
6. Notice of Early Termination	Plan administrator	Affected QB	As soon as practicable
7. Disability Extension Notice	QB or representative	Plan administrator	At least 60 days from the SSA disability determination
8. Notice That Disability Has Ended	QB/representative	Plan administrator	At least 30 days after the SSA determination
9. Second QE Notice	QB	Plan administrator	At least 60 days

Specific COBRA Notice Requirements

General Notice

The plan administrator provides the General Notice to the covered employee and covered spouse within 90 days after coverage begins.

- It explains COBRA rights, the events that can trigger continuation coverage, participant notification responsibilities, and how to contact the plan administrator.
- A notice addressed to the employee and spouse may generally satisfy the requirement when they reside at the same address.
- The DOL provides a model General Notice.

Election Notice

After receiving notice of a QE, the plan administrator has 14 days to furnish the Election Notice to QBs.

- If employer is administrator, the combined employer/administrator notice rules result in a maximum 44-day period.
- Election Notice must explain the QE, QBs, coverage available, election procedures/deadline, maximum coverage period, extension rights, circumstances permitting early termination, and premiums.
- DOL provides a model Election Notice.
- Each QB has an independent election right for at least 60 days.
- Ask if TPA covers initial notice.

Written Notice Procedures

Every COBRA-subject employer should have written procedures covering five core COBRA communications:

1) General Notices for newly covered employees and spouses;
2) Prompt reporting of employer-known QEs to the COBRA administrator;
3) Election Notices following QEs;
4) Procedures for employees/QBs to report divorce, legal separation, dependent-status loss, disability determinations, and second QEs; and
5) Unavailability and Early Termination Notices when applicable.

Key Takeaways

Summary of Federal-level Continuation Requirements

1) **COBRA is federal law**: The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) requires certain employers and unions to offer temporary continuation of group health coverage to employees and certain dependents who would otherwise lose coverage due to certain qualifying events.

2) **Who is covered**: Employees and qualified dependents (spouses, children, and sometimes other family members) who lose coverage due to events like job loss, reduction in hours, divorce, legal separation, or certain other life events are eligible.

3) **Duration and cost**: Continuation coverage typically lasts up to 18 months (29 months if the employee is disabled), with the employee and former employer each paying half the premium. Employers must provide notice and allow timely elections.

4) **Compliance obligations**: Employers must give required notices, maintain records, and ensure timely elections and premium payments. Mistakes can lead to significant penalties and excise taxes.

5) **Special considerations**: Rules vary for small employers (fewer than 20 employees on at least 50% of business days in the prior year), state mini-COBRA laws, and complex situations like mergers, Medicare, or domestic partners.

State-level Continuation Requirements

Assurex GLOBAL

State Continuation

- Most states have state continuation a/k/a mini-COBRA laws
  - Covered Employers & Plans
  - Which State's Law?
  - Qualifying Events
  - Qualified Beneficiaries
  - Interaction with Federal COBRA
  - Notices and Election Procedures
- Exceptions
  - Alabama
  - Alaska
  - Idaho
  - Indiana
  - Michigan
  - Montana
  - Nevada
  - Washington

Covered Employers & Plans

Employer & Funding Source†	Federal COBRA	State Continuation
ERISA – Self-Funded Plan	✓	✗
ERISA – Fully-insured Plan	✓	✓
Non-ERISA – Self-Funded Plan	✓ *(except church plans)*	*Varies – check state law*
Non-ERISA – Fully-insured	✓ *(except church plans)*	✓

Plan Types

Major Medical	State continuation applies
Dental, Vision	Varies *(check state law or certificates)*
HRAs, Health FSAs	State continuation does not apply *(self-funded)*

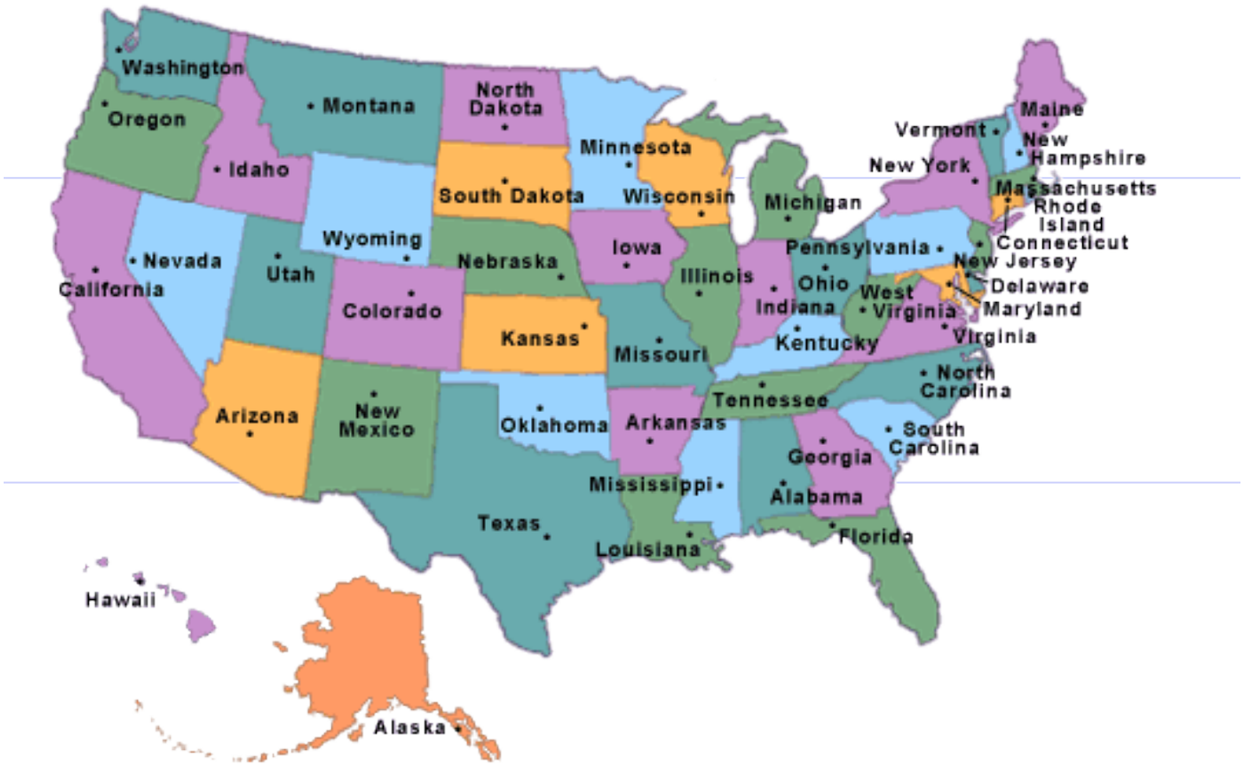
†ERISA = All employers other than government, church and certain tribal employers
Non-ERISA = Government, church and certain tribal employers
Most level-funded plans are self-funded and not subject to state continuation

Which state's law applies?

- Law of the state where insurance policy is issued.
- NOT where employee lives

E.g. Employer purchases fully-insured policy in FL. Pat works for employer in MN, enrolls in FL plan, terminates employment.

FL state continuation applies, not MN.



Assurex GLOBAL

Qualifying Events

- Varies state-by-state

Arkansas	Georgia	Hawaii	Iowa	Maine	Nebraska	Utah
• Termination • Change in marital status	• Any reason other than termination for gross misconduct and nonpayment of premiums	• Employee is hospitalized or otherwise prevented from working due to illness	• Termination • Layoff • Leave of absence • Death • Divorce • Annulment	• Temporary Layoff • Termination due to work comp injury or illness	• Involuntary termination • Death	• Termination • Reduction in hours • Retirement • Sabbatical • Disability • Leave of Absence • Death • Divorce • Losing dependent status

Qualified Beneficiaries

- Generally employees & dependents but often with minimum coverage requirements

No minimum coverage	Covered at least 3 months	Covered at least 6 months	Other Common Requirements
•California •Connecticut •DC •Florida •Massachusetts •Minnesota •Missouri •Nebraska •New Hampshire •New Jersey •New Mexico •New York •Oklahoma •Rhode Island •South Dakota •Vermont •West Virginia	•Arizona •Arkansas •Delaware •Illinois •Iowa •Kansas •Kentucky •Louisiana •Maryland •Mississippi •North Carolina •North Dakota •Ohio •Oregon •Pennsylvania •Tennessee •Texas •Utah •Virginia •Wisconsin •Wyoming	•Colorado •Georgia •Maine •South Carolina	• Not eligible/enrolled in Medicare • Not eligible /enrolled in other group health plan • State resident

Assurex GLOBAL

Interaction With Federal COBRA

- In many states, state continuation only applies if federal COBRA does not apply
  - Arizona, Colorado, Delaware, DC, Florida, Maine, Massachusetts, Missouri, Nebraska, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, West Virginia, Wyoming
- In other states, federal COBRA and state continuation run concurrently if both apply and qualified beneficiaries receive benefit of which ever law is most generous
- In a few states (notably California and New York) state continuation is available to extend federal COBRA coverage from 18 months to 36 months as well as provide 36 months of state continuation for employers not subject to federal COBRA

Notices and Election Procedures

- Insurance company is responsible for administering state continuation unless they have delegated responsibility to employer in master group contract or certificate (and many have).
- Most states do not have model election notices – check with insurance company or employer must create their own
- COBRA Administrators may or may not include state continuation in their services
- Premium that can be charged for state continuation varies from state-to-state (100%, 102%, 105%, 115%, 120%, 125%)

Where can I locate what state continuation requirements apply to my plan?

Key Takeaways

Summary of State-level Continuation Requirements

1) Generally only applies to fully insured plans.
2) Follow state continuation rules of state in which the policy is issued, not where the employee resides
3) Details of state continuation should be included in the insurance certificate from the carrier

Questions

Assurex GLOBAL

Webinar Wrap-Up

Thank you to the following Assurex Global Partner Firms for sponsoring this event:

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Collier Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Gibson Insurance Agency
- Henderson Brothers, Inc.
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- The Mahoney Group
- The MJ Companies
- Oswald Companies
- The Partners Group
- The Plexus Groupe
- R&R Insurance
- RCM&D
- Scott Insurance
- Snellings Walters
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- Unison Risk Advisors
- WA Group
- Wells Insurance

A link to the recording of today's session will be available early next week from the Assurex Global Partner Firm who invited you to today's event.

Assurex GLOBAL

Assurex Global in Numbers

32K+ Employees

100+ Partner Firms

$50B Annual Premium

$5.6B Annual Revenue

750+ Partner Offices