



COBRA Texas



Comparison of Federal and Texas Continuation Laws

	FEDERAL (COBRA)	TEXAS
Covered Employers and Health Plans	Group health plans (fully insured and self-insured) maintained by private-sector, state and local government employers with 20 or more employees . However, group health plans sponsored by the federal government or by churches are exempt from COBRA.	Group hospital, surgical or medical expense insurance policies must provide continuation coverage. Texas' continuation coverage law does not apply to self-insured ERISA plans. Non-ERISA plans that are self-insured should consult their plan's terms.
Qualified Beneficiaries	An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.	An employee or dependent who has been continuously insured under the group policy (or under any group policy providing similar benefits that the policy replaces) for at least three consecutive months before a qualifying event. When the qualifying event is a severance of the family relationship or the employee's retirement or death, eligibility for the 36-month period of continuation depends on whether the family member has been covered for at least one year . Infants under the age of one are not subject to this requirement.
Qualifying Events	Events that trigger an obligation to offer COBRA coverage include: <ul style="list-style-type: none"> Termination of employment for reasons other than gross misconduct (all qualified beneficiaries); 	Events that trigger an obligation to offer continuation coverage include: <ul style="list-style-type: none"> Coverage ends for any reason other than involuntary termination of employment for cause, including discontinuance of the group policy in its entirety or with respect to an insured class (all qualified beneficiaries);

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	<ul style="list-style-type: none"> • Reduction in the number of hours of employment (all qualified beneficiaries); • Covered employee's becoming entitled to Medicare (spouse and dependent children); • Divorce or legal separation of the covered employee (spouse and dependent children); • Death of the covered employee (spouse and dependent children); and • Loss of dependent child status under the plan (dependent children). 	<ul style="list-style-type: none"> • Termination of coverage due to severance of family relationship, such as divorce or legal separation (spouse and dependent children); and • Termination of coverage due to employee's retirement or death (spouse and dependent children).
Maximum Continuation Period	<p>The maximum duration of COBRA coverage depends on the type of qualifying event, as follows:</p> <p>18 months - Employment termination or reduction in hours of work</p> <p>29 months – The Social Security Administration (SSA) determines the qualified beneficiary is disabled during the first 60 days of COBRA coverage. This 11-month extension applies to the qualified beneficiary with the disability and all of the qualified beneficiaries in the family.</p> <p>36 months – Divorce or legal separation, employee's death, entitlement to Medicare or loss of dependent child status</p> <p>36 months – After a qualifying event that is an employment termination or a reduction in hours of work, a second qualifying event occurs that is the death of the employee, the divorce or legal separation of the covered employee and spouse, Medicare entitlement (in certain circumstances) or loss of dependent child status under the plan.</p>	<p>The maximum duration of continuation coverage depends on the type of qualifying event and whether the qualified beneficiary is eligible for federal COBRA, as follows:</p> <p>Nine months (or six months, where COBRA eligible) – Eligible employees, spouses and dependents must be offered up to a nine-month continuation period when coverage is lost for any reason other than termination of employment for cause. Where eligible for COBRA, eligible employees, spouses and dependents must be offered six months of continuation coverage following COBRA.</p> <p>36 months – Eligible family members and dependents must be offered a 36-month continuation period if their coverage under the group policy would end due to severance of the family relationship or the retirement or death of the employee.</p>
Early Termination of Coverage	<p>COBRA coverage may end earlier than the maximum continuation period if:</p>	<p>Coverage may end earlier than the maximum coverage of nine months (or six months, if COBRA-eligible) if:</p>

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	<ul style="list-style-type: none"> • Premiums are not paid on a timely basis; • The employer ceases to maintain any group health plan; • After the COBRA election, coverage is obtained with another employer group health plan (including any group health plan of a governmental employer); or • After the COBRA election, a beneficiary becomes entitled to Medicare benefits. <p>Also, when a qualified beneficiary's COBRA coverage has been extended due to disability and the qualified beneficiary is no longer disabled, coverage may terminate at the end of the maximum coverage period that applies without regard to the disability extension or, if later, the first day of the month that is more than 30 days after a final determination by the SSA that the qualified beneficiary is no longer disabled.</p>	<ul style="list-style-type: none"> • Required premiums are not paid on time; • The group policy terminates; • The individual becomes eligible for Medicare; • The individual becomes eligible for similar benefits under another plan or program; or • The individual becomes eligible for coverage under a state or federal law other than COBRA. <p>The coverage of a spouse or dependent child who obtains continuation coverage because of the severance of the family relationship or retirement or death of the employee may end earlier than the 36-month maximum coverage period if:</p> <ul style="list-style-type: none"> • The insured fails to make payment within the required timeframe; or • The insured becomes eligible for similar benefits under another plan.
Notice Requirements	<p>Health plan administrators must provide an initial general notice when group health coverage begins. When a qualifying event occurs, health plan administrators must provide an election notice regarding rights to COBRA continuation benefits to each qualifying beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>Qualified beneficiaries must respond to this notice and elect COBRA coverage by the 60th day after the written notice is sent or the day health care coverage would end, whichever is later.</p> <p>Additional COBRA notice requirements apply under federal law.</p>	<p>Employers must provide qualified beneficiaries with a notice of their continuation rights. Additional notice requirements apply under state law.</p> <p>A qualified beneficiary must apply for continuation coverage within 60 days of the later of:</p> <ul style="list-style-type: none"> • The date the group coverage would otherwise terminate; or • The date on which the employer provides the qualifying beneficiary with a notice of his or her right to continue coverage. <p>A spouse or dependent must apply for continuation coverage within 60 days after the date of the severance of the family relationship or the retirement or death of the employee.</p>
Premium Rules	The maximum amount charged to qualified beneficiaries cannot exceed 102	A qualified beneficiary must pay to the employer each month the amount of

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	<p>percent of the plan’s total cost of coverage for similarly situated individuals. For qualified beneficiaries receiving the 11-month disability extension, the premium for those additional months may be increased to 150 percent of the plan's total cost of coverage.</p> <p>Plans must provide at least 45 days after the election for making an initial premium payment. The plan sponsor may establish due dates for later payments, but it must provide a minimum 30-day grace period for each payment.</p>	<p>contribution required by the employer, plus two percent of the group rate. Plans must provide at least 45 days after the election for making an initial premium payment. The employer may establish due dates for later payments, but it must provide a minimum 30-day grace period for each payment.</p> <p>When the qualifying event is a severance of the family relationship or the employee’s retirement or death, the premium for continuation for a spouse or dependent child may not be more than the premium charged under the group policy for individuals who have not experienced a qualifying event. The employer may require monthly fee of not more than \$5 for administrative costs.</p>
Applicable Statutes	IRC § 4980B, ERISA §601 <i>et seq.</i> , 29 CFR §§ 2590.606–1 through 2590.606–4.	Tex. Ins. Code Title 8, Subtitle B Chapter 1251, Subchapters F and G; Tex. Admin. Code Title 28
Government Agency Contact	Departments of Labor and the Treasury (private sector plans) and the Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the Department of Labor .	Texas Department of Insurance